

*Government that Works!*

**NEW JERSEY DEPARTMENT OF THE TREASURY**

**LOCAL GOVERNMENT BUDGET REVIEW**

**HILLSBOROUGH TOWNSHIP**

**CHRISTINE TODD WHITMAN**  
*Governor*

**ROLAND M. MACHOLD**  
*State Treasurer*

**DECEMBER, 2000**



## **GOVERNMENT THAT WORKS**

### **OPPORTUNITIES FOR CHANGE**

#### ***The Report of the Hillsborough Township***

New Jerseyans deserve the best government their tax dollars can provide. Governor Whitman is committed to making state government leaner, smarter and more responsive by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. Prior to Governor Whitman's taking office in 1994, the state had never worked as closely with towns to examine what is behind those costs. That is why she created the Local Government Budget Review (LGBR) program. Its mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR program utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service by the state at no cost to them. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams also document those state regulations and mandates which place burdens on local governments without value-added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, Governor Whitman ordered the expansion of the program, tripling its number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

## **THE REVIEW PROCESS**

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of each review, team members interview each elected official, as well as employees, appointees, members of the public, contractors and any other appropriate individuals. The review teams examine current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the governmental entities, and other relative information. The review team physically visits and observes the work procedures and operations throughout the governmental entity to observe employees in the performance of their duties.

In general, the review team received full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness, on the part of most, to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality, but do represent the cost of the entity's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the entity an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW  
EXECUTIVE SUMMARY  
HILLSBOROUGH TOWNSHIP**

**Governing Body**

The team recommends that the township eliminate health benefits for township committee members, saving \$11,905. The township could save an additional \$3,675 by contacting the board of education to provide students to videotape the township committee meetings.

**Township Clerk**

The township should consider using an automated receptionist function for telephone calls, eliminating the receptionist position for a savings of \$30,794.

**Cash Management**

The team recommends that the township review the necessity of all their bank accounts and close accounts that are not necessary or duplicative for a savings of \$720 and a productivity enhancement of 24 hours worth \$504.

The township should consider investing idle cash in more aggressive investment yields, such as the NJCMF and the 91-day T-Bills for a revenue enhancement of \$41,200.

**Tax Assessment**

The team recommends that the township continue monitoring the productivity and workload levels, and staff the office appropriately. The team also recommends that the township purchase computer equipment and necessary software at a one-time expense of \$11,500 and an annual maintenance expense of \$1,200.

**Technology**

By using the bid or quote process for purchasing technology equipment, the township could save \$4,500.

The township could save an additional \$1,045 by transferring records from the old computer system, removing the 386 SCSI PC network from active service and eliminating the service contract.

By using the state's cost-per-copy contract, the township could save \$57,430 in copier costs.

The team recommends that the township eliminate cellular phones for all township employees, with the exception of the police department, saving \$7,736. The township could save an additional \$2,189 by eliminating the use of directory assistance, \*69 and Call 54.

The team also recommends that the municipality and school district create a shared MIS department at an annual expense of \$34,912.

**Personnel/Compensation/Benefits**

The team recommends that the township negotiate to implement a 50% cost-sharing premium of disability insurance for a potential savings of \$15,100.

**Health Insurance**

The team recommends that the township either switch to the state health benefits without a prescription plan or negotiate employee cost-sharing changes to the current plan design, potentially saving \$82,000 - \$110,000.

By negotiating a three-tier co-pay for prescription drugs, the township could potentially save \$15,600 - \$22,700. The township could potentially save an additional \$4,300 - \$7,100 by negotiating an “other than generic” pricing mechanism coupled with high co-pays for non-substitutable medications.

**Legal**

By eliminating pension, social security and Medicare benefits for all contracted professionals, including the part-time prosecutor, the township could save \$2,031.

**Police**

The team recommends that the township upgrade the chief’s secretary position and that it be compensated at a rate commensurate with its responsibilities, at an annual expense of \$1,728.

The team recommends that the patrol division become a bureau within the newly established operations division, saving \$24,293.

The township should consider hiring a second per diem dispatcher rather than a 7<sup>th</sup> full-time dispatcher, saving \$9,901.

The team recommends that the township modify the alarm ordinance to offset the time spent responding to alarm violations and false alarms for a revenue enhancement of \$5,920. The team also recommends that the township consider eliminating the automobile lockout service for a productivity enhancement of \$4,495.

The team recommends that the township reduce the number of detectives by one position, saving \$1,279.

By training patrol officers to process crime scenes for the most common crimes, the township could save \$4,814. The team also recommends that the township replace two corporal assignments with one sergeant at an annual expense of \$3,209.

The team recommends that DPW personnel, rather than the police lieutenant, shuttle the police vehicles to and from the DPW garage for a productivity enhancement of \$15,860.

The team recommends that a 24-hour per week part-time clerk/police specialist position be created to relieve officers of administrative tasks for a productivity enhancement of \$10,807.

**Emergency Medical Services (EMS)**

The team recommends that the township bill for all EMS calls and the rescue squad, saving the township \$40,000 for the rescue squad contribution.

**Public Works**

The team recommends that the township develop a comprehensive work order and record keeping system including fleet/maintenance software, at a one-time expense of \$4,500.

By contracting out for street sweeping services, the township could save \$11,960. The team also recommends that the township consider promoting and implementing on-site composting of vegetative waste by homeowners at a one-time expense of \$175,000 and a productivity enhancement of \$37,324.

**Department of Health**

The township should consider requiring the licensing of cats for a revenue enhancement of \$24,518.

The team recommends that the township evaluate its transportation operations and explore all recommended alternatives in an effort to cover 50% of its transportation program costs for a revenue enhancement of \$12,807.

**Collective Bargaining Issues**

By renegotiating to remove holiday pay from being rolled into base pay, the township could potentially save \$20,775.

The team recommends that the township negotiate a modification to a quartermaster or replacement system for police uniforms and contract the cleaning of uniforms, potentially saving \$38,367. The township could potentially save an additional \$3,507 by allowing the nine non-uniformed detectives to keep the clothing allowance of \$574 and participate in the cleaning program.

The team also recommends that the township negotiate to implement a new uniform cleaning program for DPW employees, potentially saving \$6,269.

**COMPARISON OF BUDGET APPROPRIATION, STATE AID  
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN  
THE TOWNSHIP OF HILLSBOROUGH**

<b><u>Areas Involving Monetary Savings</u></b>	<b><u>One-time Savings/ Expense</u></b>	<b><u>Annual Savings/ Expense</u></b>	<b><u>*Potential Savings</u></b>	<b><u>Totals</u></b>
<b>Governing Body</b>				
Eliminate health benefits for township committee members		\$11,905		
Use students to videotape township committee meetings		\$3,675		
				<b>\$15,580</b>
<b>Township Clerk</b>				
Eliminate receptionist by using automated receptionist function		\$30,794		
				<b>\$30,794</b>
<b>Cash Management</b>				
Review bank accounts and close unnecessary or duplicative accounts		\$1,224		
Invest idle cash in more aggressive investment yields		\$41,200		
				<b>\$42,424</b>
<b>Tax Assessment</b>				
Purchase computer equipment and software	(\$11,500)			
Annual maintenance expense for software program		(\$1,200)		
				<b>(\$12,700)</b>
<b>Technology</b>				
Use bid or quote process for purchasing technology equipment		\$4,500		
Transfer records from old computer and eliminate service contract		\$1,045		
Use state's cost-per-copy contract for photocopier needs		\$57,430		
Eliminate cellular phones for all township employees except police		\$7,736		
Eliminate use of directory assistance, *69 and Call 54		\$2,189		
Create a shared MIS department between municipality & school district		(\$34,912)		
				<b>\$37,988</b>
<b>Personnel/Compensation/Benefits</b>				
Implement a 50% cost-sharing premium of disability insurance			\$15,100	
<b>Health Insurance</b>				
Switch to SHBP or split plans and charge employees difference			\$82,000	
Negotiate a three-tier co-pay for prescription plans			\$15,600	
Negotiate an "other than generic" pricing mechanism			\$4,300	
<b>Legal</b>				
Eliminate pension, SS & Medicare benefits for contracted professionals		\$2,031		
				<b>\$2,031</b>
<b>Police</b>				
Upgrade chief's secretary position		(\$1,728)		

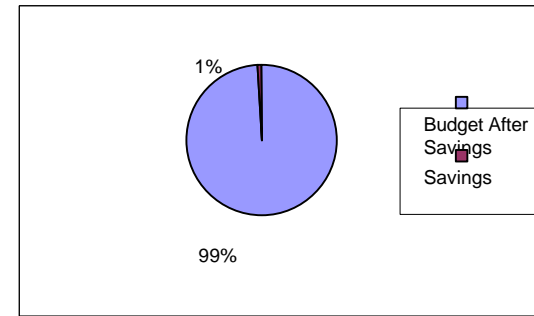
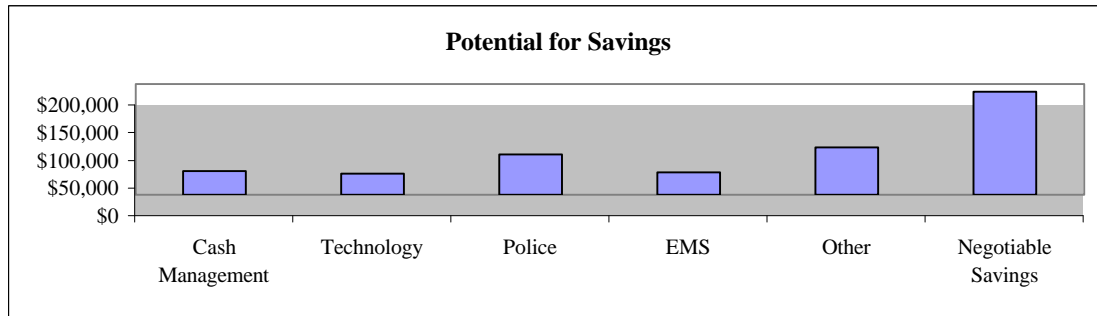
**COMPARISON OF BUDGET APPROPRIATION, STATE AID  
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THE TOWNSHIP OF HILLSBOROUGH**

<b><u>Areas Involving Monetary Savings</u></b>	<b><u>One-time Savings/ Expense</u></b>	<b><u>Annual Savings/ Expense</u></b>	<b><u>*Potential Savings</u></b>	<b><u>Totals</u></b>
Change patrol division to bureau within the operations division		\$24,293		
Hire second per diem dispatcher instead of 7th full-time dispatcher		\$9,901		
Modify alarm ordinance to offset time spent on violations & false alarms		\$5,920		
Eliminate automobile lockout service		\$4,495		
Reduce the number of detectives by one position		\$1,279		
Train patrol officers to process most common crime scenes		\$4,814		
Replace two corporal assignments with one sergeant		(\$3,209)		
Use DPW personnel to shuttle vehicles rather than lieutenant		\$15,860		
Create part-time clerk/police specialist to relieve officers of admin. tasks		\$10,807		
				<b>\$72,432</b>
<b>Emergency Medical Services (EMS)</b>				
Bill for all EMS calls and rescue squad		\$40,000		
				<b>\$40,000</b>
<b>Public Works</b>				
Develop work order and record keeping system including fleet maintenance	(\$4,500)			
Contract out for street sweeping services		\$11,960		
Promote and implement on site composting of vegetative waste	(\$175,000)	\$37,324		
				<b>(\$130,216)</b>
<b>Department of Health</b>				
Require licensing of cats		\$24,518		
Evaluate transportation operation and explore alternatives to reduce cost		\$12,807		
				<b>\$37,325</b>
<b>Collective Bargaining Issues</b>				
Renegotiate to remove holiday pay from being rolled into base pay			\$20,775	
Negotiate modification to clothing allowance for police			\$38,367	
Negotiate modification of maintenance/cleaning allowance for detectives			\$3,507	
Negotiate to implement a new uniform cleaning program for DPW employees			\$6,269	
<b>Total Recommended Savings</b>	<b>(\$191,000)</b>	<b>\$326,658</b>	<b>\$185,918</b>	<b>\$135,658</b>
*\$185,918 not included in savings of \$135,658.				
<b>Total Amount Raised for Municipal Tax</b>				<b>\$6,425,106</b>
<b>Savings as a % of Local Purpose Tax Levy</b>				<b>2%</b>
<b>Total Budget</b>				<b>\$16,266,514</b>



# **COMPARISON OF BUDGET APPROPRIATION, STATE AID AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN THE TOWNSHIP OF HILLSBOROUGH**

<u>Areas Involving Monetary Savings</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Savings as a % of Budget				1%
Total State Aid				\$4,064,817
Savings as a % of State Aid				3%



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## **COMMUNITY OVERVIEW**

The Township of Hillsborough, established in 1771, is located in Somerset County and is nestled between the Raritan and Millstone river valleys. The township consists of a number of small villages: Belle Mead, Blackwell Mills, Flagtown, Neshanic and South Branch. It is centrally located in both Somerset County and New Jersey. Hillsborough is within commuting distance of both New York and Philadelphia. There is access to Interstates 78 and 287 and the township is bisected by New Jersey Route 206.

Hillsborough is approximately 54 square miles making it the largest municipality in the county. It is also one of the fastest growing communities in Somerset County. What was once a rural community has developed into a rural/suburban community with residential neighborhoods interspersed with farmlands and open spaces.

As of July 1, 1998, the U.S. census Bureau estimated the population to be 33,978. This represents an 18% increase since the 1990 census population of 28,808 and a 78% increase since the 1980 census population of 19,061. The population composition is approximately 91% white, 5% Asian, 3% African American, and 1% other. Approximately 3% is of Hispanic origin and approximately 6% is age 65 or above.

According to the 1990 Census figure, the median family income was \$62,724 with 379 persons in poverty and median home value of \$197,900. Approximately 82% of township properties are residential, 4% is commercial or industrial, and 3% is farmland; approximately 11% of township properties are vacant.

Hillsborough provides a high level of service expected by residents while controlling costs. To do so, the township has used techniques such as interlocal agreements, competitive contracting, and shared services. According to township officials, the township has the lowest per capita cost for municipal services of all municipalities within Somerset County.

The total municipal budget increased from \$14,381,119 to \$16,266,514 from 1996 to 1998 representing a 13% increase, while the municipal tax rate increased from 0.288 to 0.313 representing an 8.7% increase. During this period, the overall tax rate increased from 2.173 to 2.311 representing a 6.4% increase.

Along with its dramatic population increase, the township's assessed valuation has increased dramatically. The total assessed valuation for the Township of Hillsborough in 1998 was \$2,370,599,288 and was approximately \$57 million higher than 1997.

The dramatic growth of Hillsborough has become an important issue throughout the town and to its residents. The planning and development of the township were important themes to the 1999 general election. After this election, the Republican committee persons lost their 3-2 majority to Democratic committee persons, who gained a 5-0 majority.

## **I. BEST PRACTICES**

A very important part of the Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices, which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot cite every cost-effective effort. The following are those best practices recognized for cost and/or service delivery effectiveness.

### **Crisis Intervention Team**

The township has a group of trained crisis intervention volunteers who are on call to provide crisis intervention services, primarily for domestic violence. The Crisis Intervention Team (CIT) is a community outreach program that works with the Resource Center, which is the lead-counseling agency for the county.

This program allows the CIT to assist the victims in their own homes at the time of the event. By having the CIT handle victim counseling, police officers are allowed to concentrate on the police side of domestic violence, rather than the psychological side. In fact, some victims are more comfortable dealing with the volunteers.

This type of program provides not only a productivity enhancement to police officers, but also provides a compassionate customer services approach to the residents who are the victims of these crimes. This program shows that the township and police department are a caring community.

### **Community Update Program**

The police department uses the cable television system to inform the community of current issues involving the police department and the community. The programs are produced in-house by police personnel and are transmitted directly from police headquarters.

The police chief hosts the program and invites different officers and members of the community to appear to speak on the program subject. The department has used this medium to reach out to the minority community in an effort to improve relations and attract minority officers to employment with the township. Other topics covered include domestic violence and the crisis intervention team.

It is estimated that 75% of the homes in the township are capable of receiving these programs. This program has also been used during emergencies to broadcast emergency messages and instructions in real time to the community. This forum proved very useful during the severe flooding of Hurricane Floyd in 1999.

Programs usually run approximately 45 minutes and are a great opportunity to introduce new officers to the community and for the community to be made aware of the services the department offers. There is no cost to the department or township.

### **Mobile Data Terminals (MDTs)**

All Hillsborough police patrol cars are equipped with portable computers known as “MDT’s” primarily using \$100,000 from a federal grant program known as “COPS More” and some other funds. The department has used the excess capacity in the system to allow two other departments to tie into the system for a fee that is used to offset some of the costs for the system.

### **Mr. Fix It Program**

In mid-1999, the township implemented the Mr. Fix It program to assist the senior citizen population within the township. It is a safety program which allows “Mr. Fix It” to perform minor home repairs that do not require permits and to conduct home safety evaluations for eligible seniors.

Residents unable to do work themselves, who are at least 60 years old and financially unable to hire a private contractor, are eligible for the program. Eligible projects are those which are generally too small for a contractor such as repair of broken windows, simple plumbing repairs, smoke detector installation, and weather stripping. The cost of the materials for the project cannot exceed \$100. The resident is responsible for only the materials cost, while labor costs are free to the resident and paid by the township. A local transit company donated a van for the program.

In approximately six months of operation, 54 residents for 93 projects used the Mr. Fix It program. In 1999, the township in labor costs, tools/equipment, and painting/lettering of the van spent approximately \$6,000. The proposed budget for 2000 is approximately \$19,500 as a significant increase in the program is expected.

### **Rescue Squad Automobile Extractions**

The township’s rescue squad performs all automobile extractions. By having the squad perform this function, township residents save approximately \$600,000 in capital outlay for outfitting each fire company with a rescue truck and equipment.

### **Top Cop Program**

This is a program that has recently been instituted to recognize the best officers assigned to each patrol squad. This type of program is important because the officers assigned to patrol shifts often go unrecognized within their departments. This program solicits input from the patrol lieutenant, sergeants, corporals and the officers themselves. The rewards are:

- A letter from the chief that is placed in the officer's personnel file.
- The winner's name goes on a plaque at headquarters.
- A bar to be worn above the officer's badge.
- Dinner for the officer and guest at a local establishment.

**Senior Volunteer Program**

The township uses senior citizens to provide the manpower necessary for certain police services. This program has become essential to the operation of the police records office. The seniors are available to file reports and assist the office.

Volunteers give 10 hours per week in two-hour shifts and accounts for a total of 520 hours per year. This saves the department approximately \$8,065 per year based upon the salary of clerical staff.

**New Employee Orientation**

All new employees are given a handbook which includes personnel policies, applicable collective bargaining agreements, benefit information, and various personnel forms. The terms and conditions of employment and employee benefits are clearly defined. The handbook includes a new employee checklist. New employees are required to view a videotaped sexual harassment seminar.

**The township is commended for its up-to-date employee handbook and its new employee orientation process.**

## **II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS**

The purpose of this section of the report is to identify opportunities for change and make recommendations that will result in more efficient operations and financial savings or enhancements for Hillsborough's residents and taxpayers.

In its study, the review team found the municipality makes a conscious effort to control costs and to explore areas of cost-saving efficiencies in its operations. Many of these are identified in the Best Practices section of this report. Others will be noted as appropriate in the findings to follow. The municipality is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control and revenue enhancement.

One of the fundamental components of the team's analysis is identifying the true cost of a service. To this end, the team prepares a payroll analysis that summarizes personnel costs by function and attributes direct benefit costs to the salary of each individual. This figure will always be different from payroll costs in the budget or in expenditure reports because it includes health benefit, social security, pension, unemployment and other direct benefit costs.

### **GOVERNING BODY**

The Township of Hillsborough operates under the township committee form of government. The committee consists of five members elected to three-year terms. The township committee is a collective executive and legislative body. A mayor and deputy mayor are elected annually by the members of the committee.

According to the 1999 salary ordinance, the range for committee members' annual salaries was \$1,500 to \$7,000. By resolution, the salaries have been set at \$4,000 for the mayor and \$3,500 for committee members since 1974.

In 1998, the cost for salaries and benefits for the township committee was approximately \$32,842. The operating expenses for the township committee are embedded in the administrative and executive budget and difficult to determine.

The 1999 general election marked a significant change in the make-up of the governing body. During 1999, two members of the township committee vacated their respective seats. Due to the vacation of these two seats, four of the five seats on the township committee were up for election. Of the four open seats, two were for full three-year terms, one was for a two-year term and one was for a one-year term. The elected candidates for the vacated seats began their terms immediately, while the other two elected candidates began their terms in January, 2000.

### **Health Benefits**

Committee members may receive health benefits although a few committee members have declined this coverage in the past. In 1998, only two committee members received health benefits at an approximate cost of \$11,905.

### **Recommendation:**

**It is recommended the township consider eliminating health benefits for members of the township committee. At the time of our review, the township was considering a change in its health benefits provider. If the township switches to the State Health Benefits Plan, the township would not be permitted to eliminate health benefits for elected officials, however elected officials have the option to waive the receipt of health benefits.**

**Cost Savings: \$11,905**

### **Videotaped Meetings**

All township committee and planning board meetings are videotaped and aired on local cable television. The cable TV company provides a cameraman to videotape the meetings at a cost of \$75 per meeting. There are approximately 25 township committee meetings and approximately 24 planning board meetings.

Other municipalities have used high school students to provide videotaping services for committee meetings at no cost to the municipality. The high school has an audiovisual department, which could be utilized.

### **Recommendation:**

**It is recommended the township contact the board of education to provide students to videotape township committee meetings. A partnership with the board of education will provide a saving of approximately \$3,675, based upon the annual number of township committee and planning board meetings.**

**Cost Savings: \$3,675**

### **Code Of Ethics**

In 1991, the township adopted a code of ethics for all municipal officials. A six-member board was created to review and hear complaints.

**The township is commended for its code of ethics.**



**Affinity Credit Card Program**

The township offers residents a Hillsborough Township affinity credit card. A percentage of all purchases with the card go to township. The township annually receives approximately \$28,000, which are dedicated to fund youth and senior programs.

**The township is commended for pursuing innovative revenue opportunities.**

**ADMINISTRATION****Township Administrator**

The township administrator, appointed by the township committee, serves as the Chief Administrative Officer and is responsible for the day-to-day operations of the township. The township does not currently have a township administration. The administrator, at the time of our review, was fired in May 2000 and has not been replaced yet.

The township administrator met with all department heads once each month. This is an effective way to keep all departments aware of what's going on throughout the township.

**The township is commended for its regular department head meetings.**

The township administrator was primarily responsible for the automation and networking of all departments within the township. The administrator also served as purchasing officer, served on the open space advisory committee, and oversaw personnel matters.

The support staff for the administrator's office was a combined staff supporting the administrator and the clerk functions. The township clerk has assumed some of the administrators responsibilities.

**Financial**

In 1998, the cost of salaries and benefits for the administrator and clerk's office was \$373,732. An additional \$181,500 was expended for other expenses and \$531 for overtime during this period.

**TOWNSHIP CLERK****Staffing**

The office is staffed with five full-time employees and is headed by the township clerk. Other positions include a deputy township clerk, a secretary to the administrator/mayor, a secretary to the clerk and a receptionist. While these support positions report to the clerk, they also provide support to the township administrator, and the employees are cross-trained for duties in the clerk's office and administrator's office. In 1998, the office also employed a student intern.

The receptionist is stationed at a workstation in the hallway of the municipal building. This workstation primarily serves as the information desk and directs visiting residents and telephone calls to the appropriate departments. The receptionist sorts the mail on a daily basis and assists with the annual mailings for dog licenses.

The receptionist position serves a needed function; however, the township's phone system has the capabilities to use voice mail with an automated menu to direct calls. While the governing body prefers to have a person answering calls rather than a machine, the two secretaries in the administrator/clerk's office and the automated phone system could handle the receptionist function. These two positions serve as the receptionists for their office and could do the same for all walk-in inquiries. The salary and benefits cost for the receptionist position is approximately \$30,794, based upon 1998 salary information.

### **Recommendation:**

**It is recommended the township consider the use of the automated receptionist function for telephone calls, which would allow for the elimination of the receptionist position. This would result in a saving of \$30,794 in salary and benefits.**

**Cost Savings: \$30,794**

### **Functions**

The township clerk is officially responsible for attending all township committee meetings and keeping records of all minutes of those meetings, engrossing all ordinances and resolutions, affixing the corporate seal as authorized by the committee, and coordinating election activities. This office is also responsible for the preparation and distribution of meeting packets to township committee members. The clerk's office coordinates the retention of all township records and handles all telephone calls, messages and correspondence for the township committee. Other activities include issuing and maintaining records regarding licensing of bingo games and raffles, and processing various other permits, certificates and licenses including Alcoholic Beverage Control (ABC) licenses.

In 1999, the clerk's office transferred registrar functions to the health department. Prior to this transfer, the clerk's office automated these functions with the help of a summer intern.

Since 1999, the clerk's office has coordinated the centralized purchasing of office supplies for all township departments. The township bids office supplies two to four times per year. Previously, the process was decentralized with each department ordering supplies as needed. By coordinating this task, the township purchases a greater amount of items at once and at better prices than before. According to township staff, approximately \$15,000 less was spent on office supplies in 1999 as compared to 1998.

**The township is commended for improving office supply purchasing practices.**

The clerk's office maintains the township's web site. The site is well-maintained and regularly updated. Agendas for upcoming township committee meetings are posted before each meeting and minutes of recent meetings are posted in a timely manner.

The township clerk also serves as the chair of the economic and business development commission, which was previously called the industrial commission.

Records such as minutes, resolutions and ordinances appear to be well-maintained, well-organized, and up-to-date. The municipal codebook was recodified a few years ago and is updated annually. The approximate annual cost for the recodification is \$3,000.

### **Financial**

In 1998, the township clerk's office collected approximately \$32,382 in various fees, according to township records. Fees, some of which were revised in 1998, were reviewed by LGBR and appear to be at an adequate level.

## **FINANCE**

The finance office is responsible for the treasury and cash management functions and is headed by the treasurer/tax collector.

### **Staffing**

The finance office is staffed with three full-time positions: a treasurer/tax collector who serves as the chief financial officer (CFO), a deputy treasurer/deputy tax collector, and a bookkeeper, who handles payroll functions.

Employees in the tax collection office were previously hired as bookkeepers and are now hired as clerks to the treasurer/tax collector. This new title allows the CFO to have the clerks do more than only tax collector duties and gives the CFO greater flexibility in assigning office tasks, especially internal controls.

### **Functions**

Collectively, these individuals manage the following processes: financial and budgetary activities, cash management, payroll and personnel functions, and accounts receivable/accounts payable.

### **Financial**

In 1998, the finance office had a salary and benefit cost of \$191,977. There was \$59,150 spent in operating expenses. The annual audit accounted for approximately 85% of the operating expenses. The total cost of the finance office in 1998 was \$251,127.

## BUDGET

The township administrator distributes budget requests to departments in September each year. In early November, the budget requests are returned to the administrator. In November and December, the administrator, finance officer and clerk review each request, meet with department heads, and prepare a budget for presentation to the township committee in mid-January. After several budget hearings, the township committee usually introduces the budget in March. The budget is usually adopted between March and May.

### Budget/Tax Rate

Over the last several years, the municipal budget and tax rates have increased. The municipal budget has increased by 19.5% from 1996 through 1999. During this same period, the county, municipal and school tax rates have increased 3.3%, 14.3 % and 17.7%, respectively, while the overall tax rate has increased 14.8%. Below is a comparison of the municipal tax rate and overall tax rate, which includes the school and county apportionment.

	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
Municipal Tax Rate	0.245	0.246	0.270	0.280
Municipal Open Space Tax	0.021	0.021	0.022	0.041
County	0.486	0.485	0.492	0.502
School	1.399	1.439	1.506	1.647
Fire District	0.022	0.020	0.021	0.024
<b>Overall Tax Rate</b>	<b>2.173</b>	<b>2.211</b>	<b>2.311</b>	<b>2.494</b>

### Financial Projections

The Township of Hillsborough assumes a fiscally responsible approach when it comes to its financial projections.

In general, revenues and surplus are anticipated at appropriate levels and the projected tax collection rate has been anticipated at an acceptable level.

### *Surplus*

The chart below represents a four-year history of the township's fund balance and indicates a significant increase in surplus since 1996. The largest increase took place from 1997 to 1998, when the ending surplus balance increased \$987,826 or 44%.

	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
Municipal Budget	\$14,381,119	\$14,551,853	\$16,266,514	\$17,164,658
December 31 <sup>st</sup> Surplus-Prior Yr.	\$2,130,508	\$2,260,825	\$3,248,651	\$3,357,631
Surplus Percentage of Budget	14.8%	15.5%	20.0%	19.6%

The table below indicates the township has increased the amount of surplus used as revenue since 1996. Averaging the last four years, the township has anticipated 75% of its surplus as revenue.

	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
December 31 <sup>st</sup> Surplus-Prior Yr.	\$2,130,508	\$2,260,825	\$3,248,651	\$3,357,631
Anticipated as Revenue	\$1,525,000	\$1,700,000	\$2,500,000	\$2,600,000
Percentage Used	71.6%	75.2%	77.0%	77.4%

While there is no prescribed percentage or amount of surplus that is deemed as adequate for municipalities, each municipality should have an adequate surplus. As a general rule, it is recommended that the amount of surplus anticipated as revenue in any budget be limited to the amount that can be reasonably assumed to be generated in the next year. Over the last four years, the township has met this general guideline.

#### *Projected Tax Collection Rate*

In 1998, the projected tax collection rate was 97.05% and the actual rate was 98.10%. In 1997, the projected rate was 97.26% and the actual rate was 98.41%. In 1996, the township used a projected rate of 96.75% and the actual was 97.97%.

#### *Revenues*

In 1998, total revenues realized were \$18,638,514 compared to total anticipated revenues of \$16,266,514. This amounted to excess revenues of \$2,357,868 or 14.6%. Similarly, actual revenues for 1996 and 1997 were 10.9% and 20.8%, respectively, greater than budgeted revenues.

The township also received unanticipated, non-budget revenues in 1997 in the amount of \$74,083. While some of these revenues reoccur annually, there can be significant fluctuations from year to year. Thus, it is appropriate to keep these revenues as unanticipated, non-budget revenue items.

#### **Debt Service**

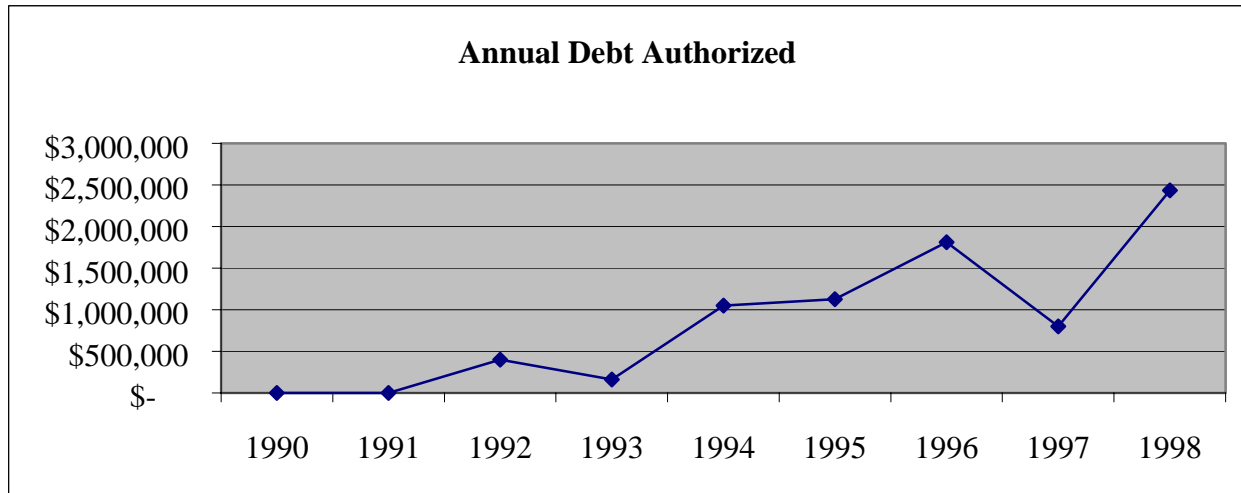
The goal of any municipality that seeks to properly manage its debt service is to stabilize its debt payments in such a way so as to avoid severe fluctuations. As of December 31, 1998, the township was carrying \$6,905,660 in net debt, including \$1,856,402 of bonds and notes authorized but not issued.

The township is limited by state statute (N.J.S.A. 40A:2-6) to a maximum bonded indebtedness equal to 3½% of its equalized assessed valuation. According to the township's 1998 audit report, the statutory net debt was .29%. In 1998, the township's debt service payments were \$1,068,753 in principal and interest for bonds and notes.

<b>Debt Service</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
<i>(appropriated)</i>	\$1,148,547	\$1,108,628	\$1,068,753	\$831,644

### Capital Improvements

In 1998, the township committee passed six bond ordinances for capital improvements totaling \$2,436,529 and also expended \$500,000 from the capital improvement fund. These funds were allocated for various projects including road projects, facility improvements, and equipment and property purchases. It appears that most capital projects are bonded.



The township has implemented a strategic plan for capital expenditures. Capital plans for various departments and projects are outlined with a funding mix, which includes the levels of bonding and “pay as you go” for each of the next five years. Debt service projections are also included.

**The township is commended for developing its strategic plan and identifying an appropriate mix of “pay as you go” and bonding to fund capital projects.**

### Audit Findings

A review of the audit findings of the last three years revealed a decrease in the number of recommendations.

The 1996 audit contained four recommendations, with one being carried over from the prior year. In 1997, the township auditor identified one recommendation, which was also identified in 1996. The 1998 audit report contained two recommendations, with one being identified in the previous year.

While the number of recommendations has decreased since 1996, there was one recommendation, which was in each of the last three years. This recommendation stated that all purchases made under state contract that are in excess of the bid threshold be authorized by resolution of the township committee.

Based on state requirements, the chief finance officer is required to respond to the auditor's findings and must submit a corrective action plan within 60 days from the date the audit is received by the governing body. The township has complied with these regulations and has submitted corrective action plans according to the specifications required.

**Recommendation:**

**It is recommended the township comply with purchasing requirements in the local public contracts law.**

After the November general election in 1999, the township committee hired an independent auditing firm to review the financial operations of the township. The new Democratic controlled committee wanted an accurate accounting of the financial condition of the township prior to the January, 2000 reorganization. The cost of this review was not to exceed \$7,500.

Most of the recommendations in this report involved internal control issues such as the segregation of duties. The primary problem is that there are only three personnel in the finance office to divide duties among. In the past, the township could not use personnel from the tax collection office because the job title did not permit this. The township now uses the "clerk to the treasurer/tax collector" titles rather than the previous bookkeeper title, which should help the CFO to address the internal control issues. The township committee authorized an additional position in the finance office for the 2000 budget year. This should also allow the CFO to improve internal controls.

**The township is commended for taking actions to address the internal control issues and is urged to continue. The delineation of internal controls can be incorporated into the township's cash management plan.**

## **CASH MANAGEMENT**

This section analyzes Hillsborough Township's management of its cash balances based on discussions with the chief financial officer (CFO) who is directly responsible for managing the town's bank accounts. A detailed analysis of 12 monthly bank statements of each account to identify average daily balance, fees charged, interest paid, if any, and the interest rate was conducted for the calendar year 1999.

Cash management may be defined as all activities undertaken to insure maximum cash availability and maximum investment yield on a government's idle cash. This process is concerned with the efficient management of cash from the time revenue is earned to the time an expenditure payment clears the bank. The purpose is to ascertain the existence of a cash management plan and to compare current cash practices to the contents of the plan. We will also determine if the cash practices result in the most effective return measured against generally accepted benchmarks.

### **Cash Management Plan**

In accordance with P.L. 1983, Chapter 8, Local Fiscal Affairs Law; N.J.S.A. 40A:5-14, all municipalities are required to adopt a cash management plan. Municipalities shall deposit and invest their funds pursuant to this plan. Hillsborough annually passes a resolution giving the township treasurer the authority to make investments and another resolution designating the local depositories, which is a required part of the cash management plan.

The township should implement a comprehensive cash management plan which includes: (a) designated official depositories, (b) scheduled deposit of funds, (c) definition of allowable investment instruments, (d) definition of acceptable collateral and protection of township assets, (e) compensating balance agreements, (f) reporting procedures, (g) diversification requirements, (h) maximum maturity policy, (i) investment procedures, (j) return on investment policy, (k) internal controls, (l) bonding coverage, and (m) compliance issues.

### **Recommendation:**

**It is recommended the township develop and adopt a comprehensive cash management program to address its short and long term needs.**

### **Accounts**

The township maintains 42 accounts in total with five different banks; 34 accounts are with the primary bank, four accounts are with a secondary bank, while the three other banks have one or two accounts.

There are six developer escrow accounts that are no longer active. The CFO is working with the township attorney to close these accounts.

In comparison to other municipalities reviewed by LGBR, Hillsborough has more accounts than most other towns. According to the CFO, prior to the building of the municipal complex each department maintained its own bank account because the various departments were in several locations throughout the township. In other municipalities, departments which collect money or fees usually deposit those fees through the current fund or a general operating fund rather than their own departmental account. The township should review all bank accounts and close those which can be consolidated with the current fund or other existing accounts.

### **Bank Reconciliations**

All bank accounts must be reconciled at the end of each month. While the finance office does not do all bank reconciliations, they do a majority of them, and each other department will reconcile its specific departmental account. For example, the clerk's staff reconciles the clerk's account and the finance office reconciles current, capital and payroll accounts.

Based upon discussions with the CFO, it takes on average 20 minutes each month totaling four annual hours to reconcile each account. The inactive developer accounts only take



approximately five minutes to reconcile. Based upon the number of accounts and the average time to reconcile the accounts, it is estimated that township staff spends approximately 158 hours annually reconciling all bank accounts.

Based upon an average hourly rate of \$21 for administrative and clerical staff, it costs the township \$3,318 each year to reconcile the bank accounts. For the inactive developer accounts, the township will receive a productivity enhancement of five annual hours once the accounts are closed. For each of the other bank accounts, which are closed, the township will receive a productivity enhancement of four hours annually. This would provide a productivity enhancement of 24 hours or \$504 per year.

The township also pays a \$10 monthly maintenance fee for each account plus fees for each transaction. Thus, each account costs at least \$120 per month before any transactions are made.

#### **Recommendation:**

**It is recommended the township review the necessity of all bank accounts and close accounts, in addition to the inactive developer escrow accounts, that are not necessary or are duplicative. LGBR staff feels that at least six departmental accounts could be closed and merged into existing operating accounts.**

**Productivity Enhancement: 24 hours or \$504**  
**Cost Savings: \$720**

#### **Cash Flow**

The daily cash flow and account balances are monitored by the CFO. Cash forecasting is an important management tool, which allows management to maximize short-term investments, avoid cash shortfalls, compare forecasted data against actual data as an internal control check, manage the timing of cash disbursements and other control-related functions necessary to properly manage the cash function.

The township presently develops a six-month cash projection of income and expenses based on the approved budget. As a result, the township is able to forecast months where cash flow is low and expenditures are high so that appropriate adjustments can be made.

**The township is commended for its formal cash flow analysis. It is recommend that this analysis be used regularly to maximize investment potential.**

#### **Banking Relationship**

Hillsborough's existing banking services and the terms with its primary bank are based upon a letter dated 3/30/95 from the banking institution. At this time, the finance officer met with the banking representatives to discuss banking services. The CFO meets with banking officials occasionally to discuss banking issues.

While this letter outlined and recommended the township establish some different types of accounts with minimum balances and the basis for interest rates, it did not address fees for these bank services or how these costs are structured.

### **Account Analysis**

The banks provide monthly bank statements for each bank account. Most of the township accounts are in interest checking, while others are in money market accounts, which earn higher interest rates. A few accounts are non-interest-bearing accounts. The town uses several money market accounts as investment accounts.

Money market accounts, such as Current II, Capital II, and Open Space II, are used to invest idle funds in the current, capital, and open space accounts, respectively. These funds receive slightly higher interest rates than the interest checking accounts.

The cost for banking services is not included in the monthly bank statements; thus the township does not have an accurate assessment of its total banking costs.

### **Account Balances and Earnings**

In 1999, the township maintained aggregate account balances ranging between \$3,873,525 and \$8,436,813. The total interest earned by the township in 1999 was \$292,840. Overall, the accounts held with the primary bank earn an annual percentage yield of 1.42%, and accounts with the other banks were earning 2.02%.

Generally, interest income is recorded and the account is then charged the maintenance fees. Since the maintenance fees are not identified, the LGBR team had difficulty comparing the interest earned by the township to the potential interest earned in the New Jersey Cash Management Fund (NJCMF) and the 91-day Treasury bill (T-Bill).

So, the team performed an analysis of various operating bank accounts with high balances and low activity, including the investment accounts Current II and Capital II. As part of this analysis, we compared the interest actually earned by the township in 1999 to the earnings that would have been achieved in the NJCMF.

This analysis indicated Hillsborough could have potentially earned, conservatively, an additional \$30,657, based upon the interest rates for the New Jersey Cash Management Fund in 1999.

The analysis of the available balances in the open space account illustrated that the township could have had interest earnings of \$41,257 compared to the actual interest earnings of \$33,558, a difference of approximately \$7,300 based upon NJCMF rates for 1999.

### **Recommendation:**

**It is recommended the township invest idle cash in investment instruments with more aggressive investment yields such as the NJCMF and the 91-day T-Bills.**

**Revenue Enhancement: \$41,200**

Open space acquisitions and negotiations are handled primarily by the township administrator and the township engineer. The CFO is not involved in the negotiation process. By including the CFO in this process, the CFO would be better able to plan when large disbursements from the open space account would occur and would be able to maximize the investment yield on the open space account. This would further enhance the interest earnings from open space funds.

### **Recommendation:**

**It is recommended that the finance officer be involved in the open space acquisition and negotiation process to maximize the investment yield for the open space accounts.**

### **Competitive Bidding**

A request for banking services is routinely solicited and evaluated, by many municipalities, every two to three years. Hillsborough has been with its primary bank for more than five years and last received a proposal from this bank approximately five years ago.

It is suggested the township solicit requests for banking services every two to three years. This is a perfect opportunity for a public entity to review its banking practices and look for new methods to improve its banking relationship(s). The extent of the information provided depends on the nature and scope of the request. It can be a brief summary or a detailed report, such as a Request for Information (RFI), a Request of Quotation (RFQ) or a Request for Proposal (RFP).

It is also suggested the township consider using what some banks refer to as a “sweep account.”

This arrangement allows for the aggregating of cash balances of all accounts at the end of each business day. This process enables the municipality to receive a competitive interest rate, which turns out to be higher since it is paid against a larger aggregated account balance in comparison to the traditional method of computing interest against individual accounts.

LGBR has seen many municipalities successfully maximize investment yield by using a sweep account, which benefits the municipality in many ways because:

- a) a competitive rate indexed to the 91-Day T-Bill is earned on the net available collected balance;
- b) monthly service charges are debited against the compensating balances instead of having to pay fees in hard-dollars;
- c) cash balances can be adjusted easily to accommodate the service fee debits; and
- d) comprehensive and timely monthly statements that describe the individual types of services and related costs are provided.

Also, the township’s banking requests for proposals should require that the bank provide a detailed monthly account analysis illustrating all service and per unit charges. The bank account analysis shows the various charges, compensating balances, and averages daily balances. Accordingly, with an account analysis a monthly average available balance can be determined which is necessary in order to compute potential earnings.

## **Recommendation:**

**It is recommended the township solicit requests for banking services and consider using a sweep account to aggregate account balances and improve interest earnings. A monthly account analysis with banking fees identified should also be included in the banking requests. The township should also consider using investment instruments with more aggressive investment yields such as the NJCMF and the 91-day T-Bills.**

## **Overview**

The CFO does a good job managing the township's cash balances to meet the day-to-day financial needs of the township. Maximizing investment yield from cash balances is a cash management component that could be improved. LGBR believes the township could earn a great deal more in investment earnings, if more attention is devoted to this area.

The CFO also believes this is an area, which could be improved, but has been unable to devote significant time to this area due to the present workload. The workload is significant because the chief financial officer also serves as the tax collector, and due to an understaffed finance office. Extended illnesses of finance office employees have also exacerbated workload issues. In 2000, the township committee authorized and funded an additional position in the finance office. This new position should allow the finance officer to devote the time necessary to manage all areas of cash management and maximize investment yield.

## **PURCHASING**

The finance office and the administrator's office coordinate purchasing functions. Accounts payable functions are handled primarily in the finance office. The township administrator serves as the purchasing agent and signs off on all purchase orders (PO's). The finance office, primarily the deputy tax collector/deputy CFO, processes the purchase requests, encumbers funds, and forwards the PO's to the purchasing agent. Approximately 3,500 purchase orders are processed each year.

While there is no purchasing manual for the township, claims procedures are outlined in the municipal code book, Chapter 7. Bill lists are approved twice per month at township committee meetings.

The township uses an electronic purchase order requisition system, which is part of its finance software package. Departments submit their purchasing requests electronically to the finance office. Each morning the PO system is not used by the finance office so that the various departments can submit their purchasing requests. Each afternoon the finance office reviews the requests, encumbers available funds, and processes the PO to the purchasing agent. Generally, the PO's are returned to the department within one day.

### **Cooperative Purchasing**

Hillsborough participates annually in the Somerset County cooperative purchasing program. The township often bids items on their own. The administrator believes that the township can and, in most cases, does beat the county prices; however, the township always compares the county prices for the best deal.

Other Somerset municipalities and schools, including the Hillsborough schools participate in a natural gas consortium with the boroughs of South Bound Brook, Manville, Green Brook and most of the boards of education in Middlesex and Somerset County. The consortium began in October 1996. The Middlesex County Education Services Commission serves as the lead agency. During its first year, the consortium had an 11% savings in natural gas costs for its members. In the past, the township had looked into natural gas purchasing options, but did not feel there were enough savings at the time to make a switch worthwhile.

According to township officials, the township is currently involved in a cooperative venture with the county as well as Hunterdon and Warren counties regarding the purchasing of electricity.

### **Recommendation:**

**The township is commended for pursuing cooperative purchasing ventures. It is recommended the township continue to consider cooperative purchasing efforts including the natural gas consortium.**

### **Analysis**

Since 1999, the clerk's office has coordinated the centralized purchasing of office supplies for all township departments. The township bids office supplies two to four times per year. Previously, the process was decentralized with each department ordering supplies as needed. By coordinating this task, the township purchases a greater amount of items at once and at better prices than before. According to township staff, approximately \$15,000 less was spent on office supplies in 1999 as compared to 1998.

**The township is commended for improving office supply purchasing practices.**

The township is also encouraged to compare office supply purchases with the prices of the Distribution and Support Services (DSS), which purchases supplies for all state offices. All schools and municipalities may purchase supplies from DSS. Since they purchase such large quantities of items, their prices are often better than what a municipality would pay for similar supplies.

### **Recommendation:**

**It is suggested that the township use the Distribution and Support Services as one of its vendors to compare the costs of office supplies.**

According to DPW officials, there have been some problems with the purchasing process, which has resulted in delays of up to four days to obtain certain parts for vehicles. These delays can be disruptive to DPW operations and can have expensive down time for equipment.

The restructuring of the DPW caused a problem with the annual bidding of some materials. The engineering office now does the bid specifications. This past year some past vendors did not receive bid notices. According to DPW officials, the township may be paying as much as 11% more for some materials, based upon previous vendor prices. It is suggested that officials from the DPW, engineering office and the finance office meet and clarify the roles in the bidding and purchasing process for DPW materials, in light of the problems resulting from the DPW restructuring. This will help the township receive the best prices for needed materials.

#### **Recommendation:**

**It is recommended the township improve communication between all divisions in the engineering, public works department and the finance office.**

### **TAX COLLECTION**

#### **Staffing**

The tax collection office is staffed with three full-time positions: one bookkeeper and two clerks to the treasurer/tax collector. The treasurer/tax collector and the deputy treasurer/deputy tax collector supervise tax collection functions. Approximately 25% of their total time is spent on tax collection functions, while 75% is spent on finance functions.

With a staff of approximately 3.25, Hillsborough collects against approximately 13,500 tax lines or taxable entities including residential, commercial, apartments and industrial properties. This translates to over 4,100 tax lines per employee. Using a benchmark established from prior LGBR reports, an efficient staff to tax line ratio is approximately 3,000 to 3,500 tax lines per person.

For much of 1999, this office was below its full staffing level due to an extended illness of an employee. At the time of our review, the township had filled this shortage with a temporary position. The team found the office extremely well run and was impressed with the overall performance of the office.

**The township is commended for an efficient tax collection operation.**

#### **Financial**

In 1998, the office had a salary and benefit cost of \$112,981 and expended \$13,600 in operating expenses for a total cost of \$126,581.

**Collection Rate**

New Jersey currently accepts 95% as the average/acceptable tax collection rate for municipalities. The township's tax collection rate has been well above 97% for the last five years. The tax collection rate was 98.10%, 98.41% and 97.97% in 1998, 1997 and 1996, respectively.

**The township is commended for its excellent collection rate.**

Delinquent notices are mailed quarterly to delinquent taxpayers after each of the first three tax quarters. After the fourth tax quarter, a total of three delinquent notices are mailed to each delinquent taxpayer prior to the end of the year. A tax sale is conducted each June for those properties, which are still delinquent.

**TAX ASSESSMENT****Staffing**

In 1998, a tax assessor, one field inspector, one field inspector/clerk and a secretary staffed the tax assessment office. In 2000, the township hired a temporary part-time position to enter data information into the appraisal system.

**Financial**

In 1998, the salary and benefit cost for the tax assessment office was approximately \$245,027 and there was \$10,310 expended in operating expenses. Total tax assessment costs for 1998 were \$255,337.

In 1998, the township did not spend anything on overtime. In 1999, over \$1,300 was spent on overtime due to a significant increase in new construction and added assessments.

**Assessed Valuation**

An analysis of the ratable base was conducted for 1996 through 1999. During this period, the assessed valuation increased by over \$203 million. Most of the growth was residential construction, while the township also lost a fair amount of open space and farmland to residential development.

From 1996 through 1999, the number of residential properties increased by 733 lots worth nearly \$195 million, while commercial and industrial properties increased by only 22 lots worth approximately \$16.5 million.

The amount of vacant land was reduced by 28 lots worth approximately \$10 million and the number of farm qualified properties was reduced by 13 properties worth \$128,500. Also, the value of exempt properties increased by \$5.3 million during this period.

Below is a chart comparing the composition of township land, based upon assessed values, in 1996 and 1999.

	<b>1996</b>	<b>1999</b>	<b>Change</b>
Residential	80.75%	82.00%	1.25%
Commercial	7.46%	6.54%	-0.93%
Industrial	3.41%	4.11%	0.70%
Vacant Land	4.37%	3.60%	-0.77%
Farm Qualified	0.24%	0.21%	-0.03%

### **Ratio of Equalized Valuation**

The ratio of assessment to true value has decreased from 100.18% in 1996 to 94.40% in 1999. This indicates that the spread between the true value of properties and the assessed value of properties is growing. A municipality should be as close to 100% as possible in order to optimize its ratable base as its value grows, thereby keeping the tax rate down.

### **Building Permit Data**

The chart below shows the increase in the total number of building permits for new construction. The workload of the office with regards to new construction has more than tripled since 1996, but the office appears to be doing an adequate job tracking and adding ratables due to new construction along with renovations/additions to existing construction.

	<b>Permits Issued</b>	<b>New Buildings</b>
<b>1996</b>	1,945	165
<b>1997</b>	2,227	245
<b>1998</b>	2,363	231
<b>1999</b>	2,417	575

### **Added Assessments**

As indicated by the table below, the added assessments have been increasing from 1996 through 1999. The values and the number of line items added by the assessor have doubled. This is a positive trend for the township because it shows that existing buildings are being renovated or improved.

	<b>CURRENT YEAR ADDED</b>		<b>PRIOR YEAR ADDED</b>		<b>ADDED/OMITTED</b>	
	<b>Assessed Value</b>	<b>Line Items</b>	<b>Assessed Value</b>	<b>Line Items</b>	<b>Assessed Value</b>	<b>Line Items</b>
<b>1996</b>	\$40,944,300	244	\$2,454,800	25	\$647,700	6
<b>1997</b>	\$42,047,200	397	\$7,488,200	42	\$250,300	1
<b>1998</b>	\$65,659,000	421	\$10,669,200	57	\$2,651,100	16
<b>1999</b>	\$69,886,300	493	\$14,372,100	95	\$3,517,800	31

### **Tax Appeals – Loss of Ratables**

The tax appeals at the county level for the municipality reflected a high of 230 in 1997 with a value loss of approximately \$4.9 million and a low of 114 appeals in 1996 with a loss of approximately \$885,000 in value.

<b>County Tax Board Appeals</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
Number of Appeals Filed	114	230	124	141
Valuation of Ratable Loss	\$884,784	\$4,945,150	\$1,781,400	\$2,190,484



Appeals filed at the state level show a high in 1996 with losses of approximately \$2.1 million.

<b>State Tax Court Appeals</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
Number of Appeals Filed	14	9	9	11
Valuation of Ratable Loss	\$2,138,800	\$1,912,400	\$1,935,186	Not Available

For the most recent year, there were only 54 county appeals filed and four state appeals. Currently, there is one appeal outstanding at the state level. Overall, the loss of ratables due to tax appeals, in a municipality of this size and ratable base, should not make a dramatic impact in the ratable base due to the increase in value through new construction and added assessments.

### **Payment In Lieu of Taxes (PILOTS)**

According to township data, there are no properties currently eligible under the PILOT program in Hillsborough.

### **Property Record Cards**

The property record cards contained in the assessor's files are varied from the reevaluations over the years. The last reassessment done for the year 1996 did not include printing new property record cards for all properties.

The township has a Computer Assisted Mass Appraisal system, know as a CAMA. The assessor is currently having the data entered into this appraisal system. As new properties are added and when new areas are reassessed, new property record cards are completed and entered into the CAMA.

There is an urgent need to transfer the data into the appraisal system. There is a direct benefit to the township to update its records and maximize the use of the appraisal system. Up-to-date information will reduce the need for another revaluation and will allow the township to get the increased value from its ratables instead of letting the range between assessed value and true value widen.

Once the data is entered and complete, the township should strive to do a reassessment each year, which includes inspections, analysis, updates and adjustments. To accomplish this in a township such as Hillsborough with its high amount of building permits and construction, additional staff might be needed.

### **Staffing Analysis**

According to standards promulgated by the International Association of Assessing Officers (IAAO), a municipality of Hillsborough's size with approximately 13,500 line items should be staffed by a full-time assessor, an assistant assessor, and two clerical positions in order to competently complete the duties of the assessor's office.

The township's current staffing level of four full-time positions is consistent with assessing standards, however several factors within the township may warrant additional staff.

The workload of the office has increased significantly as new construction has more than tripled since 1996, and added assessments have doubled during this period. Also, overtime costs increased by more than \$1,300 to meet workload demands in 1999.

The need to maintain up-to-date property records and the need to keep the gap between the true and the assessed value of properties from growing also increases work demands upon this office.

The township should monitor the productivity and workload of this office. For the immediate future, LGBR recommends the township continue with its temporary position to update the property record cards into the CAMA system. After the records are updated, the township may want to retain this individual on a part-time basis to assist with the assessing duties, as necessary.

The township may also choose to make technological improvements to address staffing, workload, and productivity concerns. Completion of the automated appraisal records should ease some workload concerns. Hillsborough should also consider acquiring other equipment such as software, lap tops and digital cameras to improve productivity. There are appraisal software programs with sketch programs available, which could be used with the CAMA, to improve efficiency and productivity. Lap top computers and digital cameras are useful in the field and at state and county tax appeal hearings. Appraisal software packages can be very helpful in the field and in the office and should have the ability to be used with one of the State of New Jersey certified assessment programs. The estimated cost for an appraisal package often involves a one-time cost of approximately \$9,000 and an annual maintenance cost of \$1,200 per year. The cost of a lap top computer is approximately \$3,500.

If the workload remains at the 1999 levels, a full-time position may be necessary. Hiring a contracted appraiser to assist with fieldwork would be a less expensive option, as the township would not have to pay benefits for the position. The additional staffing costs would be offset by the additional tax revenue generated by the added staff through the addition of more ratables to the tax base.

### **Recommendation:**

**It is recommended the township continue to monitor the productivity and workload levels and staff the tax assessment office appropriately. The township should also consider purchasing computer equipment and necessary software to improve productivity.**

**One-time Value Added Expense: \$11,500**

**Value Added Expense: \$1,200**

While the tax assessor's office has three regular employees who conduct field inspections, it only has one vehicle for these field inspections which means only one employee can do fieldwork at a time. This office is in need of another vehicle, which would allow for more time for inspections to continue to add new construction and added assessments to the tax rolls. Thus, the additional fieldwork will have a significant increase in tax revenue generated by the addition of more ratables to the tax base.

LGBR has recommended reorganization in the police department that eliminates one police vehicle. It is suggested this vehicle be reassigned to the tax assessment office.

### **Recommendation:**

**It is recommended the township reassign a vehicle to the tax assessor's office, which would allow for more field inspections and additional tax revenue to the township.**

### **Professional and Legal Services**

According to township officials, most tax appeals are negotiated, settled or withdrawn. The assessor does the work on all appeals at the county and state level. An outside appraiser is hired if necessary. Special counsel is hired by the municipality to handle tax appeals.

Upon review of the tax files, there does not appear to be substantial expenses for professional appraisal services.

## **TECHNOLOGY**

Technology provides local government administrators with numerous opportunities for savings including improved productivity and staffing realignments. Without proper planning and coordination, technology may become a costly recurring expense. The goal of management and office automation should be to use technology to promote a smarter and efficient organization while limiting the impact on resources. While LGBR found some very good uses of technology, the team also found the township could improve the coordination and utilization of technology in the township.

### **Staffing**

The township utilizes the services of two employees, one in engineering and the other in the police department, to meet the technology needs of township staff. The engineering employee spends two to three hours a week supporting all departments with the exception of the police department. The police officer spends approximately 36 hours a week on technology issues in the police department where technology usage far exceeds the rest of the departments. Occasionally, the police officer may utilize two additional officers for technology assistance. We also found the police officer provides support to other departments in the municipal building.

### **General Findings/Observations**

The LGBR team observed the following:

- Technical support and training for employees was in need of improvement.
  - a) The municipal court did not have access to technical support during evening court sessions.
  - b) Engineering and Zoning departments were having difficulty in utilizing their software due to a lack of training.

- There was a need in the DPW to enhance automation.
  - a) The DPW only had one computer for a secretary to perform clerical work.
  - b) There was no work order system or inventory control system in the DPW.
  - c) The DPW was integrating an electronic time keeping program to assist in the costing out of jobs (generally this package is included in a work order system).
  - d) The DPW had purchased an electronic time keeping program, but did not have the proper computer for it.
- The municipal court still utilizes a 10-year old system whose software manufacturer no longer exists.
- There were several computers either without virus protection or current virus protection.

### **Recommendation:**

**It is recommended the township address the above issues in order to maximize the use of technology and automation.**

### **Infrastructure**

The township has approximately 102 computers. There are approximately 42 computers including mobile data terminals in the police department with the remaining disbursed throughout the remaining departments with the exception of public works, which has one computer. The team found a variant range of computers from an old 386 PC network to Pentium series.

Based on prior reviews, the LGBR estimates that a local government should employ one full-time technology person for every 100-125 computers. Considering the team's findings in the MIS section of this report, the municipality will need to evaluate existing staffing operations for technology.

The team identified what appear to be eight networks, five in the police department, two in the central administration, and one in the municipal court. The extent of connectivity between departments for E-mail communications is limited. Neither the police nor the public works department can communicate with any other departments through internal E-mail. There are a limited number of E-mail accounts provided through the school district, however these are mostly assigned to senior management. The township does not have any policy or procedures governing computer and E-mail usage.

### **Recommendation:**

**It is recommended the township establish policy and procedures defining acceptable use of technology for employees. Email and data on computer systems are considered public information and therefore subject to record management laws.**

Technology procurement is fragmented as purchasing occurs on the department level. Furthermore, tracking exact technology expenditures becomes difficult as disbursements are charged to budget lines within each department. With the help of the CFO, the team was able to identify approximate technology expenditures for FY 1999. The following table outlines our findings:

**FY 1999 Technology Expenditures**

<b>Description</b>	<b>Total Amount</b>
Equipment	\$49,004
Data Processing	\$14,000
Software Maintenance	\$18,745
<b>Total</b>	<b>\$81,749</b>

The majority of all computer purchases are through state contract. Local governments can save up to 30% by either bidding and/or quoting for technology purchases because of the tendency of downward market fluctuations for technology expenditures. Bidding and/or quoting require extensive knowledge in technology to insure quality purchases. The team feels the technology expert in the police department was capable of putting together bid specifications for technology purchases. In addition bulk-purchasing computers collectively or in conjunction with the school district may also achieve additional savings.

**Recommendation:**

**It is recommended the township purchase technology through the bid or quote process when possible. Bids and quotes should be measured against state contract prices. Based on the projected future purchase of 15 computers, the LGBR team feels the town can achieve \$4,500 in savings.**

**Cost Savings: \$4,500**

**Police Department**

The police department utilizes technology better than any other department in Hillsborough or in other police departments LGBR has reviewed.

Five servers combine to create a department network consisting of 29 workstations and 19 computer notebooks in the squad vehicles. Computers in the squad cars connect to the main facility through cellular technology. Officers on duty have access to police databases including a photo database of convicted offenders. Total 1999 cellular cost was \$7,284.

Additional initiatives in process include the procurement of a new “Computer Aided Dispatch” (CAD) program for the dispatch unit at a cost of approximately \$200,000. The team reviewed the existing CAD and found it not suitable for the current operation.

**Municipal Court**

The municipal court utilizes two networks for operations. The first network interfaces with the NJ Administrative Office of the Courts (AOC) for daily operations. The second network, the

concern of the LGBR unit, houses court data collected between March, 1989 and December, 1996. The court houses permanent retention records on an old 386 SCSI (Small Computer System Interface) PC network that is approximately 11 years old. The manufacturer that supplied both the hardware and software stopped operating in 1996.

The court has had a service contract for preventative maintenance on the 386 SCSI PC since 1993. The 2000 contract cost was \$1,045. Since the demise of the manufacturer, LGBR estimates the township has spent approximately \$5,000 for maintenance agreements which is more than the cost of replacing the system and perhaps the cost for data migration from the old software platform to a current database. Given the age of the system, the municipality is at risk for losing eight years of data, which is required to be permanently retained by law. Nevertheless, the municipality cannot afford to terminate the contract since the vendor retains an employee familiar with software.

According to the Administrative Office of the Courts–Municipal Court Services, the court can manually transfer open records from the old system to the current court records system, the Automated Traffic System/Automated Criminal System (ATS/ACS).

The LGBR team feels the township should make arrangements to enter the 386 SCSI PC data into the ATS/ACS network. They can either assign a clerk data transfer responsibilities one morning a week, request data entry assistance from other departments or hire temporary employees such as summer interns.

Disposed records should be transferred to a docket and permanently stored according to New Jersey Division of Records Management (DARM) standards. The court will also need to contact Municipal Court Services for assistance, as many of the records such as paid parking tickets over three years, may be disposed with authorization from the Municipal Court Services and DARM. This will eliminate the need for the service contract and yield productivity and efficiency savings, as all the information will be on one system.

### **Recommendations:**

**It is recommended the township transfer the records from the old computer system, remove the 386 SCSI PC network from active service and eliminate the service contract. Maintaining an obsolete system is not efficient especially since open records can be transferred to the current automated court system and disposed tickets can be transferred to a docket. The court should contact AOC and DARM for guidance on proper disposal of public records.**

**Cost Savings: \$1,045**

### **Inventory**

Local governments often maintain inventory records for identifying purchasing patterns, depreciation, inventory control, and insurance claims. A detailed inventory differs from the required asset inventory in that it provides greater detail for insurance claims; tracks inventory and helps eliminate employee theft.

The township does not maintain an inventory of all computers, computer parts and software. In order to establish our staffing ratio, a physical count of computers and equipment was conducted. A detailed inventory of technology equipment, peripherals and parts assists management with inventory control and provides proper documentation for insurance claims, especially in the event of a catastrophic loss.

The team was pleased to see that the police department has a secured closet for all police technology parts and software.

**Recommendation:**

**It is recommended the municipality establishes and develops procedures for an inventory and tracking system with annual updates.**

**Technology Committee and Plan**

Many municipalities have a technology committee, consisting of department employees, community businesspersons and residents that provide valuable assistance to the township in developing and maintaining technology initiatives. Technology committees usually establish a technology plan that provides political leaders and the community with documentation of coordinated technology activities and includes a budget that outlines capital expenditures for three to five years.

Since Hillsborough does not have a technology committee or a technology plan, it is suggested it form one and charge its members with performing a needs-assessment survey of every department. The township should also consider a joint technology committee with the board of education.

**Recommendation:**

**It is recommended the township create a technology committee comprised of an employee from each department and residents and business from the community.**

**Website**

During the review, the township contracted a consultant to redesign the municipal website. The site provides residents with comprehensive information about municipal services including township committee meeting minutes. Future plans include adding planning board minutes, board of adjustment and health minutes and downloadable municipal forms. The clerk's office performs all information updates. The township paid \$6,000 for development and \$637 for annual maintenance.

Since the cost of the web redesign did not exceed \$12,800, which was the bid threshold effective July, 1999, the township was not required to formally bid this service. Also, the township did not solicit price quotations. Township officials also believed that this type of work was an Extraordinary Unspecifiable Service (EUS) under N.J.S.A. 40A:11-5(1)(a)(ii) and thus exempt

from the bidding process. Under the Local Public Contracts Law and the regulation promulgated by the Division of Local Government Services pursuant thereto, a service such as web site redesign may very well not qualify as an EUS.

Under Procurement Reform Law, which became effective April 17, 2000, the bid threshold has increased to \$17,500 and any goods or services above \$2,625 requires two competitive price quotations.

### **Recommendation:**

**It is recommended that the township attorney review the Local Public Contracts Law, especially extraordinary unspecifiable services and the recent changes, with township officials. Any subsequent web redesigns should comply with the Local Public Contracts Law.**

### **Cable Television**

As specified in Ordinance 97-38, the township granted a 15-year franchise agreement to a cable company to provide cable services for all residents in Hillsborough Township.

As part of the agreement, the township receives 2% of gross revenues from subscriptions, which were \$33,145 and \$35,875 for fiscal years 1998 and 1999, respectively. In addition, the company provides free basic cable services to all municipal buildings, school buildings, and municipal volunteer services—fire and emergency medical services. Over a period of four years, the company will contribute an additional \$30,000 to fund equipment for both an educational and government access channel.

### **Photocopiers**

Photocopiers represent a major business expense to all departments in the township. In an effort to reduce equipment costs, the township reported they had procured copiers under state contract with a vendor for a “Cost-Per-Copy” (CPC) agreement. CPC contracts are essentially rental agreements where the user pays for a specified number of copies and is charged for excess copies over that allotment. These contracts include all maintenance and supplies with the exception of paper and staples. The team has found that CPC contracts are generally less expensive than leases or purchases and allows the local governments the option of upgrading copier equipment every three years.

A review of the township’s copier contracts found the town had not entered into a cost-per-copy contract with the state vendor, but actually a lease agreement with a cost-per-copy component with a state contract vendor. With assistance from the New Jersey Division of Purchasing, the team found that there are no lease agreements under state contract, nor was the vendor authorized to “lease” or engage under a cost-per-copy for the models involved or copy consumption plan as indicated in the contract.

It appears the current copier contracts may not be valid under state contract regulations established by the Division of Purchasing.



Under the existing copier contracts and meter readings performed by the team, LGBR projects an estimated three-year expenditure of \$85,436. Had the township utilized the state 1999 CPC contract-T0206, the three-year cost would have been \$22,441, a saving of \$62,995 over the term of the existing lease contract. Since the Division of Purchasing recently issued a new 2000 CPC contract, actual savings decrease to \$57,430. Still, based on the savings, the township should consider switching to the state CPC T0206 contract.

**Recommendation:**

**It is recommended the township explore the option of declaring the existing copier contract void, and procure new copiers under the Division of Purchasing CPC–T0206 contract. The township is urged to consult with the township attorney and the New Jersey Division of Purchasing prior to initiating any action.**

**Cost Savings: \$57,430**

**Communications**

The township contracts with a cellular phone company to provide phones to 28 employees. According to the cell phone bills, there are five phones assigned to engineering, 18 phones to health, recreation and emergency management and five phones to the police department. In 1999, the users accumulated \$9,055 in cell phone bills, \$2,173 for engineering, \$5,563 for Health, Recreation, and Emergency Management and \$1,319 for the police department.

Cell phones are more of a luxury than a necessity given the township has a communication tower system for the police and public works departments.

Issuing mobile or hand-held communication devices, such as walkie-talkies, will provide a lower cost alternative for the township. As an other alternative, the township might consider eliminating all cellular service and adopt a policy that allows for per call reimbursement for individuals using their own cellular phones.

Due to some “dead spot” regions in the communication system, the elimination of cell phones in the police department might not be feasible.

**Recommendation:**

**It is recommended that the township eliminate cellular phones for all township employees, with the exception of the police department, for a saving of \$7,736. It is also recommended the township reevaluate the necessity of the cellular service for the five officers.**

**Cost Savings: \$7,736**

According to 1999 phone records, the township employees made 72,535 and 36,289 phone calls for local and long distance, respectively. Long distance totaled \$10,601 while local totaled \$34,615. Township employees utilized additional phone services as outlined in the following table:

Service	Description	Frequency	Cost
Directory Assistance	Operator assisted phone numbers	3,066	\$1,568
*69	Caller identification service	655	\$491
Call 54	Provides name and address of caller	260	\$130
	<b>Total</b>	<b>3,981</b>	<b>\$2,189</b>

Directory assistance, \*69, and Call 54 are additional services that cost taxpayers \$2,189. The township should consider eliminating these services since most phone numbers are listed in either phone books or on the Internet. If the township services require \*69 and Call 54, then an alternative “Caller ID with Name” service will provide the caller’s identification and phone number at an annual cost of \$90.

#### **Recommendation:**

**It is recommended the township eliminate use of directory assistance, \*69 and Call 54 for an annual savings of \$2,189.**

**Cost Savings: \$2,189**

#### **Shared Services**

Local governments can obtain additional technology expertise from their local school district. Hillsborough has an opportunity to create a joint shared MIS department with the school board, since both entities share the same facility.

During the review, the LGBR municipal team consulted with the LGBR school team and the superintendent and found that the district would be amicable to taking the lead in a joint MIS department. In exchange for the school district’s lead, the municipal government would fund 75% of an MIS position at an estimated annual cost to the township of \$34,912 (includes direct and indirect costs). The school district would fund the remaining amount and assign an MIS staff member to the municipal complex including those evenings when court is in session. In addition, both governments would benefit from cooperative purchasing of equipment and supplies.

The LGBR team strongly suggests that both entities clearly define the roles and responsibilities of the shared department. The department should also understand its clientele and environment. A key component to a successful joint venture will be strong technology committees that have input into the process.

#### **Recommendation:**

**It is recommended the municipality and school district create a shared MIS department as the municipal and school government have a unique opportunity to create a joint department since both entities are located in the same complex.**

**Value Added Expense: \$34,912**

## **Conclusion**

In general, Hillsborough's use of technology is more advanced than many municipalities; however, the team found a need for stronger coordination of technology utilization. In addition to the findings listed in this section, individual departments generally lacked the knowledge and training of office automation and how to integrate technology into their departments. Departments reported seeking assistance from employees in other areas, however, this is not always a viable solution since the requesting department obtains input from an outside source that lacks operational knowledge of the department's operations.

Many of these issues the team found are generally preventable when municipalities establish MIS departments that have the authority to coordinate technology initiatives with input from a technology committee. For example, the team found different software packages in tax assessor, finance, building and zoning. Each department had individually selected the package that suits its needs. While some systems are required by the state agency which oversees the departments, a technology committee and MIS department may have found integrated software that meets the needs of each department and merges departmental data for comprehensive organizational use.

Ultimately, the township needs to establish a technology committee, an MIS department, and perform an organizational needs-assessment survey. A needs-assessment survey, among other things, evaluates how technology can improve efficiency and effectiveness through technology usage both within each department and the organization collectively. Once completed, the technology department can then begin to construct a technology plan that outlines an infrastructure of office automation devices (facsimile and specialty equipment), computers, networks and communication systems (E-mail and phone systems).

## **PERSONNEL/COMPENSATION/BENEFITS**

### **Staffing**

In 1998, the township employed 163 full-time, 44 part-time, and approximately 150 seasonal staff. These positions are recorded on the payroll report and accounted for approximately \$7,696,583 in gross salaries.

For purposes of our analysis, the LGBR team computed the "direct" and "indirect benefits", as well as the "position value" for each employee. The position value is used to compare specific costs and includes specific components: (a) base salary, (b) longevity, (c) holiday, (d) medical, (e) dental, (f) prescription, (g) vision care, (h) pension, (i) social security, and (j) Medicare costs.

### **Contracted Professionals**

The township contracts with private individuals to handle specialized functions: (a) independent auditor, (b) planning board attorney, (c) zoning board attorney, (d) labor attorney, (e) bond counsel, (f) liability insurance claims administrator, (g) and health insurance claims administrator.

### **Payroll Process**

The tax collector/treasurer has overall responsibility for the bi-weekly payroll system. A full-time bookkeeper in the finance office coordinates the payroll functions. The township contracts with a payroll vendor for the check processing functions.

### **Personnel Policies**

Personnel policies are outlined in the employee handbook, the municipal codebook Chapter 35, and in collective bargaining agreements. Department heads and confidential employees are not union members and receive benefits outlined in the municipal codebook.

### **Unions**

The township has four unions:

1. Police Benevolent Association (PBA) Local 205, which represents township police officers;
2. American Federation of State, County and Municipal Employees (AFSCME) Local 2953, known as AFSCME Blue which represents DPW employees;
3. American Federation of State, County and Municipal Employees (AFSCME) Local 2953, known as AFSCME White, which represents clerical and professional employees; and
4. Police dispatchers, who organized in late 1999, are affiliated with the Teamsters and did not have a contract at the time of our review.

### **Employee Handbook**

The township has an up-to-date employee handbook. All new employees are given this handbook which includes personnel policies, applicable collective bargaining agreements, benefit information, and various personnel forms. The terms and conditions of employment and employee benefits are clearly defined. The handbook includes a new employee checklist. New employees are required to view a videotaped sexual harassment seminar.

**The township is commended for its up-to-date employee handbook and its new employee orientation process.**

### **Performance Evaluations**

The township conducts performance evaluations annually for all employees. For department heads and confidential employees, these evaluations are tied to merit increases in salaries. Evaluations for union employees are not tied to salary increases.

### **Recommendation:**

**While the township is commended for its annual performance evaluations, the township should negotiate to tie evaluations to salary increases for all employees.**

Like all departments, the DPW conducts the annual employee evaluations. Recently, this function was centralized and is now coordinated by the township administrator's office. New evaluation forms are being used which do not include a category for attendance, which is a critical area of evaluation for the DPW.

## **Recommendation:**

**It is recommended that an attendance category be added to the evaluation format for the department of public works.**

## **Management Study**

In 1999, an outside firm was hired to conduct a study of the township's compensation and benefits program and the development of a comprehensive reward system for most positions including job descriptions and performance assessments. The township now has job descriptions for its employees. The cost of this project was \$78,500.

## **Overtime**

In 1998, overtime expenditures for all departments were \$181,423. According to personnel policies, overtime must be authorized by the department head and approved in advance by the township administrator.

## **Sick Leave**

All employees receive 12 sick days each year. Employees who do not use any sick leave in a calendar year receive a \$100 bonus and those with three or less sick days receive a \$50 bonus. In 1998, the cost for this provision was \$1,500 as 23 employees received these bonuses.

Those employees not covered under a collective bargaining agreement, upon retirement or termination receive payment based on the rate of one day's pay for every three days sick leave accumulated. This provision varies slightly in each collective bargaining agreement.

## **Vacation Leave**

Those employees not covered under a collective bargaining agreement are entitled to vacation leave as outlined in the chart below. All vacation leave must be used during the same year. The township administrator may, for good and sufficient cause, allow vacation leave to be carried over. Department heads receive one extra week vacation. Non-contractual employees earn 440 vacation days over a 25-year period, while DPW employees earn 450 days over the same period. Police patrolmen will receive 445 days over 25 years and AFSCME White will receive 440 days. In comparison, State of New Jersey employees receive 450 days.

<b>Years of Service</b>	<b>Vacation Days</b>
1-5	10
6-10	15
11 or More	20
21 or More	23

## **Longevity**

The township has restructured the longevity benefits for new hires to all union and non-union positions. Non-union employees hired after 1/1/96 receive a flat amount instead of a percentage of salary. The chart below outlines the changes. Longevity changes to the union contracts will be outlined in the labor contracts section. In 1998, the township paid approximately \$173,704 in

longevity benefits. Using a 4% salary increase, the township's 1999 longevity cost automatically increased by approximately \$6,950. The township will eventually eliminate this automatic increase with the change to a flat amount.

<b>Years Completed</b>	<b>Prior to 1/1/96</b>	<b>After 1/1/96</b>
Upon Completion of 5 years	2% of base salary	\$250
Upon Completion of 10 years	4% of base salary	\$500
Upon Completion of 15 years	6% of base salary	\$750
Upon Completion of 20 years	8% of base salary	\$1,000

**The township is commended for restructuring its longevity policy for new hires.**

### **Holidays**

Township employees are entitled to 15 holidays, which is one more than the State of New Jersey gives its employees.

Some municipalities have been successful exchanging some holidays, e.g., Election Day or Lincoln's Birthday, for floating holidays or personal days.

### **Recommendation:**

**It is recommended the township negotiate the use of floating holidays, which will give the public additional days to conduct municipal business.**

### **Personal Leave**

Full-time employees are entitled to three paid days off to conduct personal business.

### **Disability**

The township supplies all full-time township employees, including members of collective bargaining units, with a commercial temporary disability policy. This disability plan provides 50% of their salary after seven days out with an illness/injury for a period of six months. Employees can also use one-half of a sick day for each day on disability and receive full salary.

This disability plan appears to be generous in comparison to the State of New Jersey's disability plan, which all New Jersey municipalities are eligible to enroll in, especially the provision to use one-half of their sick days and receive full salary. Under the state plan, an employee can receive two-thirds of their salary up to a maximum of \$401 per week. Under the state plan, employees must deplete their sick days prior to becoming eligible for disability payments.

Hillsborough's plan is more like a sick leave plan than a disability plan. For an employee with a significant sick leave bank, there can be little incentive to return to work before the six months have ended since he is receiving full salary and only using a portion of his sick leave.

The township should consider having the employees pay for half of the cost of the generous disability plan. In 1998, the cost of the disability plan was \$30,201. Based upon the number of full-time employees, the cost of this plan is approximately \$190 per employee per year. The cost to each employee to pay for half of this benefit would be approximately \$95.

#### **Recommendation:**

**It is recommended the township negotiate to implement a 50% cost sharing of premiums by employees for the current disability plan.**

**Potential Cost Savings: \$15,100**

#### **Educational Assistance**

Permanent, full-time employees are entitled to reimbursement for courses enabling them to better perform the duties of their job or provide them with an opportunity for promotion. Seventy percent of the cost is reimbursed for a grade of “C” or better. The annual limit for reimbursement is nine credits.

Township administration has over the past five years actively promoted and encouraged educational and training programs for its employees. The township has conducted numerous on-site training seminars for its employees. Some past seminars have focused on computer training, and management and supervision issues.

### **HEALTH INSURANCE**

The Township of Hillsborough currently has a health insurance package that is partially self-funded with both individual and aggregate excess insurance coverage to contain costs. Employees have the option of choosing from a traditional plan, an Exclusive Provider Option (EPO), and the Point of Service (POS) plan, known as the “Plus” plan.

The township uses a third party administrator and networks to process health claims. In 1999, the estimated total cost for this program was \$1,082,000 including \$920,000 for health benefits claims and medical plan expenses, \$120,000 for prescription costs, and \$42,000 for dental costs. The prescription plan was only available to managed care participants. Enrollees in the traditional plan are not given a prescription benefit.

At the time of our review, the township was facing a significant increase in the cost of its health package, approximately \$200,000, due to a significant increase in the usage of the health plan by its employees. The township was considering switching to the State’s Health Benefits Plan (SHBP). LGBR provided the township with an analysis of its current program in comparison to the SHBP. The township hired a broker to investigate insurance options. As of April, 2000, the township was still undecided but had reasonable estimates in order to arrive at a decision.

## **Medical Plan**

A simple yet useful tenet can be expressed regarding the choice among health care plans for public entities in New Jersey. If a local entity is willing and able to negotiate plan design changes and cost sharing arrangements with its employees, then being outside the state's health benefits plan is a viable and a cost-effective option. Otherwise, it is usually more cost effective to be enrolled in the state's health benefits plan.

Hillsborough must decide whether to remain with its current plan, to go to the SHBP, or to pursue other options such as different providers for its current plan or a Health Insurance Fund. If it wishes to remain outside the state's plan and remain cost-effective, LGBR recommends the township needs to undertake some cost controlling strategies in order to make its plan more competitive in terms of cost to the state's plan.

Any changes to the medical plans are subject to collective bargaining with the township unions, as each contract requires that any new medical plan be equal to or better than the current plan. Any plan design changes are also subject to negotiation with the unions.

Regardless of whether the township chooses to remain with its current plan or switch to the state plan, LGBR recommends the township consider the following cost saving options.

## **State Health Benefits Plan (SHBP)**

The township conducted a comparison between its current plan and the state's plan, which indicated that it could save money by switching over to the state's plan. The basis of savings was that individuals would switch into similar plans. The review team conducted a more detailed analysis using statewide enrollment averages. LGBR's analysis indicated that the township could have saved approximately \$100,000 in premium costs in 1999, if they were to switch to state health benefits without a prescription plan.

The savings for the year 2000 show a slightly larger amount. The renewal estimate by the administrator was \$1,137,000 for health care costs, prescription costs, and administrative fees. The estimate for the state's health benefits program is \$1,027,000 for the year 2000. This is for a plan without a corresponding prescription plan and results in savings of \$110,000. Township officials were leaning toward switching to the state without a prescription plan.

The savings level for moving to the state's program might be reduced because the township provides a prescription plan to managed care participants, which may also require negotiations for plan changes.

If the township chooses to switch to the SHBP with a prescription plan, the estimates for savings in 1999 diminish to \$41,000 based upon costs of \$1,019,000. In 2000, the savings equate to \$27,000 based upon costs of \$1,110,000.

This leaves the township with a decision. If they change to the state plan without a prescription plan, the township could save over \$110,000 in the year 2000 and have level costs in 2001.



The third party administrator has saved the township money over the last four years. However, the current plan design has encouraged overutilization and this has eroded the savings to a point whereby the state's health benefits plan is a viable economic alternative.

### **Current Plan**

If the township wants the flexibility of being outside the state's plan, LGBR recommends the township negotiate some plan design changes to keep the costs competitive.

### *Co-Payments*

The co-payment levels in both the Exclusive Provider Option (EPO) and the point of service (POS) plan are low. The co-pay level per office visit for the EPO is \$0, and \$5 for the POS plan.

The low level or lack of co-payments has caused much higher utilization than expected, resulting in significant cost increases to the township.

If the township were to negotiate a \$10 co-payment on the EPO plan, the review team estimates savings of 5% from the estimated EPO costs, or about \$30,000. The utilization level should also drop off significantly, which would result in even more savings. For the POS plan, the savings are estimated to be about 2.5% or about \$5,000.

Currently, there are no co-payment charges for emergency room visits. If the township negotiated a co-payment charge at a reasonable level of \$50 for both EPO and POS plans, a saving of 2% or \$16,000 could be achieved.

### *Deductibles*

Also, the township could negotiate larger deductibles for its membership, which would lower the overall cost of this plan to the taxpayers. Currently, the deductible levels in the traditional plan are \$100 for individual coverage and \$200 for family coverage.

LGBR suggests the township negotiate an increase in deductibles to \$250 for individual coverage and \$500 for family coverage. The review team believes that changing the deductible levels would be a viable first step in cost reduction. This would reduce the costs of this plan to the township by about 7% or \$7,000.

### *Co-Insurance*

For the traditional plan, the township currently has an 80% coinsurance plan up to \$2,000 for an additional out-of-pocket expense of \$400 per person.

The co-insurance limit could also be increased from \$2,000/\$5,000 to \$3,000/\$7,500 for the traditional enrollees. The potential for savings is minimal and would result in adverse selection for those who remain in this plan. There are very few traditional enrollees and this could result in adverse selection process for those who ardently believe they need this type of care. Also, the plan's limit of \$2,000,000 could be reduced but the savings would be minimal.

The current plan design could be modified to incorporate changes to allow for three different costs instead of the one cost breakdown currently being employed for the three different plan designs. While the insurance administrator hasn't broken out the costs on a group basis, it is something that could be accomplished if the township so desired. The savings are difficult to gauge, but if the township were to separate the costs of the plan out and then negotiate charging the difference between the benchmark plan and the others, the township could probably save about \$24,000. All savings above are based upon projected 2000 costs.

Below is a summary of potential savings for plan design changes.

<b>PLAN DESIGN CHANGES</b>	<b>SAVINGS</b>
Co-Payment	\$51,000
Deductible	\$7,000
Co-Insurance	<u>\$24,000</u>
	<b>\$82,000</b>

### **Recommendations:**

**It is recommended the township choose one of the two options:**

**1. Negotiate switching to state health benefits without a prescription plan.**

**OR**

**2. Negotiate employee cost-sharing changes to the current plan design.**

**Potential Cost Savings: \$82,000 - \$110,000**

### **Prescription Plan**

The township's prescription plan is only available for enrollees in managed care. In 1999, the township's prescription plan had an estimated cost of \$120,000. It was estimated that the cost in 2000 will be \$142,000 or an increase of about 10%, which appears to be a low estimate compared to other renewals seen by the team. The trend for cost increases has been in the 20% range. The costs for this program when compared to the state's prescription plan are very favorable. If the township desires to keep these costs under control, it is suggested that the township change the structure of its co-payments in order to encourage prescribing low-cost medicines.

First, the township needs to establish different co-pays for generics and name-brand medications. Currently, the township has a co-pay of \$5 for both generic and brand name prescriptions. According to a national study, the savings for establishing a \$5 co-pay for generics and a \$10 co-pay for name brands, would result in savings of 6-8% or \$8,500-\$9,900 from the estimated \$142,000 cost in 2000.

Recently, pharmacy benefit managers (PBMs) have been suggesting and implementing three-tier co-pay plans, which allows an organization to share the costs with the patient. When a

prescription has a higher cost in a therapeutic category than other medications, and adds little in the way of effectiveness of treatment, according to the licensed professionals that represent the PBM, the PBM may charge a higher co-payment for this particular drug. These are popular medications, which are often directly advertised to consumers and would have a co-payment of approximately \$25. Implementing a three-tier co-payment plan could result in savings to the township of an additional 5%-9% or \$7,100-\$12,800.

**Recommendation:**

**It is recommended the township negotiate to set up a three-tier co-pay plan for prescription drugs.**

**Potential Plan Savings: \$15,600 - \$22,700**

There is another option for the generic plans. If instead of a three-tier plan, there was an “other than generic pricing” plan as well as a high deductible such as \$25 for non-substitutable medications, the township could save another 3% to 5%.

When there is a generic option available, the patient either must choose it or pay the difference between the generic and the name brand. This concept, if coupled to a high deductible for non-substitutable medications, could further increase the savings to the township.

**Recommendation:**

**It is recommended the township negotiate to further reduce its costs with an “other than generic” pricing mechanism coupled with high co-pays for non-substitutable medications.**

**Potential Cost Savings: \$4,300 - \$7,100**

## **INSURANCE**

The township’s liability insurance is provided through a combination of insurance programs including self-insurance, commercial insurance and municipal insurance pools. These different insurance options are used to provide the different types of liability coverage such as general liability, workers’ compensation, property and casualty, and excess liability.

The township is self-insured for general liability and workers’ compensation coverage. A claims administrator is hired by the township to process claims. The cost of this service is \$15,000. Approximately \$150,000 is funded each year to pay general liability and workers’ compensation claims. In 1998, approximately \$95,600 was spent paying these claims.

An insurance agent is used to provide commercial insurance coverage for property insurance including inland marine, automobile coverage and electronic data systems coverage. In 1998, the

cost for this coverage was \$9,209. In 1999, the cost for this coverage was \$14,459, which included physical damage automobile coverage for vehicles. In prior years, auto coverage was self-insured.

Excess liability coverage, including police professional and public official professional coverage, is provided through a statewide excess liability joint insurance fund known as the Municipal Excess Liability Fund (MEL). The Township of Hillsborough was previously an “at-large” member of the MEL. That is, it was not a member of any local Joint Insurance Fund (JIF). In 1998, the MEL notified the township that it would no longer be eligible for coverage through the MEL as a “stand-alone” member.

In order to still receive coverage through the MEL, the township joined the Suburban Municipal Joint Insurance Fund (JIF) as a “pass-through” member of the Suburban JIF. The township now retains all benefits of being a stand-alone member of the MEL, but not having to share the risk with other members of the local JIF. In 1998, the cost for MEL coverage was \$114,860. In 1999, the township spent approximately \$138,342 for this coverage.

### **Financial**

In 1998, the township budgeted approximately \$300,000 for liability insurance and actually spent approximately \$234,000. Below is a chart outlining the actual costs not including legal costs for insurance claims, which are included in the legal budget.

Self-insurance Claims	\$95,600
Property and Casualty	\$9,209
Claims Administration	\$15,000
Excess Liability	<u>\$114,860</u>
	<b>\$234,669</b>

### **Safety Committee**

The township has a safety committee. The members of the committee include the township administrator, the police chief, the construction official, the township engineer, a township attorney, and the claims administrator.

The committee does not have a set schedule and meets infrequently. Regular safety committee meetings and accident prevention training are a very important part of successful self-insurance programs.

Upon a review of claims, LGBR found a workers’ compensation claim, which resulted in over 80 days of lost work from a broken elbow for an administrative staff member. A police officer also missed over 100 days due to a back injury. Many municipalities have “light duty” policies for injured municipal employees including police. These light duty policies can significantly reduce the number of days missed from on the job injuries.

**Recommendation:**

**It is recommended the township set a regular schedule for the safety committee. It is also recommended that the township implement a “light duty” policy for all employees.**

The DPW also conducts departmental safety meetings on a semi-regular basis. Safety equipment is often provided to employees and departmental policy requires the safety equipment to be checked by DPW employees. Commercial Driver Licenses (CDLs) are checked when an employee is hired or obtains a CDL license. The DPW does not otherwise verify CDL licenses on any regular basis.

**Recommendation:**

**It is recommended the township, using the police department, verify the status of all drivers of township vehicles, especially those with CDL licenses on an annual basis.**

**Claims Administration**

A claims administrator is hired by the township to process claims. In 1998, the claims administrator was paid \$15,000. The township has not executed a contract or resolution for the claims administrator for the last two years.

The claims administrator processes all claims received and does some additional work when the safety committee meets. The township should also receive loss runs, and a loss control analysis such as a claims analysis to implement safety programs and training.

Soliciting proposals from other claims administrators, also known as Third Party Administrators (TPAs), may allow the township to receive more claims services at equal or better prices than it is currently receiving.

**Recommendation:**

**It is recommended that the township solicit Requests for Proposals (RFP’s) for claims administration services on a regular basis. The township should, on an annual basis, also execute a contract and resolution outlining the services to be received and the cost for the services.**

**Analysis**

For self-insurance programs, the size of Hillsborough is on the small side, but it appears that the township's self-insurance program has operated well for the township. However, insurance professionals estimate that a municipality will have a bad claim year once every five years. Successful self-insurance programs generally have strong safety and risk management/loss control programs, which can significantly reduce the chances or severity of a bad claim year.

While the township has a safety committee, the committee meets sporadically, and it does not appear that the township has the active safety, risk management/loss control programs needed for

self-insurance. The township should investigate various insurance options on a regular basis. There are some JIFs that offer just workers' compensation coverage. The township should survey "full-service" JIFs and workers' compensation-only JIFs.

The advantage to joint insurance funds is that the risks are spread among many members. On the other hand, if a municipality has minimal losses it does not retain all its funds. It shares its good fortune with all the JIF members. In the long run, JIFs are a good program for small and medium sized towns. Hillsborough officials have had a preference toward self-insurance instead of JIF's because they have always felt that their loss experience was good and they would benefit most by standing alone rather than sharing their good claims experience with other towns.

### **Recommendation:**

**It is recommended that the township investigate various insurance options including joint insurance funds on a regular basis. The township should also enhance its safety and risk management/loss control programs, especially if it remains self-insured.**

## **LEGAL**

The township retains a township attorney/corporation counsel, a general litigation township attorney, labor attorneys, a planning board attorney, a board of adjustment attorney, a prosecutor and two public defenders. The planning board attorney and board of adjustment attorney are addressed in the planning section.

While the township attorneys are appointed annually by resolution, the township switched, in January, 2000, township attorneys for the first time in over 10 years and restructured the agreements for both the corporation counsel and the litigation attorney. Prior to this time, each attorney received a flat salary health and pension benefit, and was paid through the township payroll. The agreements basically included all work needed by the township.

Under the new agreements, the township pays an hourly rate for all work conducted by the attorneys through a voucher system. The corporation counsel and the litigation attorney are paid at an hourly rate of \$110 per hour for all work including the attendance at township committee meetings.

### **Financial**

In 1998, the township expended over \$385,000 in legal services. Approximately \$230,678 was spent on salaries and benefits for the corporation counsel, litigation attorney, the prosecutor and the public defenders. Another \$144,247 was expended on outside legal services and \$10,091 in other expenses.

The township also had additional outside legal service costs involving planning and development related litigation. In 1999, the cost of outside legal services for development related litigation was estimated to be more than \$198,000. Most of these costs were not paid from the legal services budget, but from different accounts.

### **Corporation Counsel**

In 1998, the corporation counsel's salary was \$97,344 and also received pension, social security, Medicare, and health benefits worth \$11,117.

Responsibilities of the corporation counsel include: attending all township committee meetings; review of correspondence; preparation of resolutions, ordinances and all subject matters requested by the township committee; and conduct of legal research in order to provide advice to the township committee. Examples of the varied work performed by the corporation counsel includes streamlining the process of awarding professional services contracts for service and supplies and negotiating settlements for worker compensation cases.

### **Litigation Attorney**

In 1998, the litigation attorney's salary was \$81,510 and also received pension, social security, Medicare, and health benefits worth \$10,888.

The litigation attorney is responsible for: collaborating with the non-litigation attorney with respect to litigation problems; making appearances before the township committee to discuss litigation matters; being available for telephone conferences; and handling certain non-litigation matters where the non-litigation attorney may have a conflict. The previous litigation attorney reportedly had defended the township in 225 lawsuits over the 26 years of his tenure in this position.

### **Special Litigation: Planning/Development**

The township has retained the services of a special litigation attorney for issues arising from the Greenbriar development project. These services have been retained at a cost of not more than \$185 per hour, not to exceed 450 hours. Total costs at the time of our review are reflected in the planning department section of this report.

### **Labor Attorney**

The township has used a few labor attorneys for contract negotiations, primarily with the PBA, and personnel matters. In 1998, the labor attorney costs totaled approximately \$27,000 based on a rate of \$110 per hour.

### **Contract Specifications**

The resolutions appointing the corporation counsel and the litigation attorney outlined the retainer/salary amount and the duties. There were corresponding agreements executed for each legal professional. Overall, the provisions and requirements of the attorneys' agreements were adequately defined.

### **Recommendation:**

**The township is commended for its clear and concise contract specifications in the resolutions appointing legal staff and the corresponding contracts. It is suggested that the township continue to execute professional contracts for all legal staff. All contracts and resolutions should clearly delineate expected duties and responsibilities and fees for service. The contract and the appointing resolution should have a cap or an amount that should not be exceeded. This helps to allay questions and confusion, as well as to easily identify the provisions of each contract. The township should also solicit Requests for Proposals (RFP) every two to three years for each contracted position.**

### **Prosecutor and Public Defender**

The prosecutor, public defender and an alternate public defender function within the court system but are not on the court payroll. The prosecutor and public defenders are paid through the township payroll and receive pension, social security and Medicare benefits. Health insurance benefits are not received by any of these positions.

In 1998, the prosecutor received an annual salary of \$20,788 to represent the State of New Jersey in prosecuting municipal criminal and traffic offenses. Like the township attorneys, the prosecutor was paid through the payroll account receiving pension, social security and Medicare benefits worth \$1,590.

In 1998, the public defenders received salaries totaling \$5,750. Like the township attorneys, the public defenders were paid through the payroll account receiving pension, social security and Medicare benefits worth \$441.

### **Recommendation:**

**The township should consider the elimination of pension, social security and Medicare benefits for all contracted professionals including the part-time prosecutor and the public defenders. These professionals should be paid by a voucher/purchase order system rather than the township payroll. All contracts and resolutions should clearly delineate expected duties and responsibilities and fees for service. The contract and the appointing resolution should have a cap or an amount that should not be exceeded. This helps to allay questions and confusion, as well as to easily identify the provisions of each contract. The township should also solicit Requests for Proposals (RFP) every two to three years for each contracted position. According to N.J.S.A. 40A:11-15, contracts for professional services, such as legal services, cannot be made for periods of more than 12 consecutive months.**

**Cost Savings: \$2,031**

### **Analysis**

The team believes that the previous flat fee arrangement for the township attorney/corporation counsel and the litigation township attorney was favorable to the township. This type of fee



schedule allows the township to “cap” or limit its legal expenses and is easier to administer from a budgetary standpoint. The township does not have to worry about exceeding the budgeted legal expenses, which often happens in other municipalities with an hourly retainer.

In this regard, it would be advisable for the township to monitor the cost of these services under the new arrangement and compare the costs at the end of the year. It may be less costly for the township to renegotiate a flat fee in the future.

### **Recommendation:**

**It is recommended the township monitor the costs of its legal retainers and review with its present legal counsel what type of contract for professional services, including perhaps one that contained a “flat fee schedule,” would enable the township to obtain professional legal services at the lowest reasonable cost. It is also recommended the township solicit requests for proposals every two to three years from interested law firms to ensure competitive prices for legal services. According to N.J.S.A. 40A:11-15, contracts for professional services, such as legal services, cannot be made for periods of more than 12 consecutive months.**

## **POLICE**

At the time of our review, the police department had 56 sworn officers, six full-time civilian dispatchers, one part-time civilian dispatcher, four civilian clerical positions and one school crossing guard.

In 1998, the police department cost for salaries and benefits was \$4,675,595 and \$256,685 for operating expenses. The total cost was \$4,932,280. The department answered 27,288 calls for service (CFS) during 1998.

### **Mission, Policies and Procedures**

The police department has a mission statement that is timely and comprehensive. The statement is posted within the police department for view by the public and by the employees. The mission statement, along with the police manual, which includes the department’s rules and regulations, is issued to all police employees.

This department was created under Chapter 39-8 of the Municipal Codebook, which covers the entire department, its rules and regulations. Article I covers the employment of police officers by private parties. Article II covers general provisions including the establishment of the department (39-8), membership, appointment, promotions and other management responsibilities. Article III covers mutual aid, both request for assistance and aid to other communities.

## **Organization**

At the time of the review, the department was staffed with a chief, one captain, four lieutenants, six sergeants, and six corporals. These 18 supervisors manage 38 officers, 10 civilian positions, and one crossing guard. This results in a supervisor to subordinate ratio for sworn officers of one to 2.11.

The department is divided into four divisions: patrol division, investigation division, services division and administrative division. Each division is commanded by a lieutenant, who reports to the captain and is second in command to the chief.

## **Proposed Organization**

Based upon our review, LGBR has proposed a minor reorganization of the police department's divisions.

It is suggested the township restructure the police department into two divisions, rather than the current organization of four divisions. There will be an operations division and an administrative division. The patrol division and investigative division will become bureaus within the operations division and the services division will be merged into the administrative division. Specific details of the reorganization are described in the remainder of this police section.

The proposed organization will have a chief, one captain, three lieutenants, six sergeants, and four corporals. These 15 supervisors will control 41 officers, 10 full-time civilian positions, four part-time civilian positions, and one crossing guard and results in a supervisor to subordinate ratio for all police employees of 1 to 3.72. For sworn officers, the supervisor to subordinate ratio will increase from 1 to 2.73 to 1 to 4.73. The proposed staffing changes are illustrated in Appendix A.

## **Chief's Office/Command Staff**

A captain and a confidential secretary assist the police chief. The captain coordinates the department efforts and assets. He also acts as the internal affairs officer.

The police chief's secretary, whose title is "secretary and confidential assistant to the chief of police," performs a variety of complex clerical, secretarial and administrative tasks. This position maintains official records and files, maintains departmental attendance records, prepares the payroll, coordinates the purchasing function for the department, and monitors the department budget accounts. The chief's secretary is also cross-trained to perform all civilian secretarial and clerical jobs within the department when needed due to absences.

Due to its confidential nature, the position is not a part of the union or covered by any labor agreement. The current salary is the same as other secretary/clerical positions with less complex and demanding duties and responsibilities. The township should consider upgrading and compensating this position commensurate with its responsibilities. A 5% difference above the top salary step of \$34,577, based upon 1998 salary rates, for a union secretary is recommended.

**Recommendation:**

**It is recommended the township upgrade the chief's secretary position to "administrative secretary" or "confidential secretary", to be compensated at a rate commensurate with its responsibilities.**

**Value Added Expense: \$1,728**

**Community Update Program**

The police department uses the cable television system to inform the community of current issues involving the police department and the community. The programs are produced in-house by police personnel and are transmitted directly from police headquarters.

The police chief hosts the program and invites different officers and members of the community to appear to speak on the program subject. The department has used this medium to reach out to the minority community in an effort to improve relations and attract minority officers to employment with the township. Other topics covered include domestic violence and the crisis intervention team.

It is estimated that 75% of the homes in the township are capable of receiving these programs. This program has also been used during emergencies to broadcast emergency messages and instructions in real time to the community. This forum proved very useful during the severe flooding of Hurricane Floyd in 1999.

Programs usually run approximately 45 minutes and are a great opportunity to introduce new officers to the community and for the community to be made aware of various services the department offers. There are no costs to the department or township for this program.

**The township is commended for using its cable television resources to provide valuable information to its residents.**

**Mobile Data Terminals (MDT's)**

All Hillsborough patrol cars are equipped with MDT's using a \$100,000 federal "COPS More" grant along with other funds. The department has used the excess capacity in the system to allow two other police departments to tie into the system for a fee which is used to offset some of the costs for the system.

**The township is commended for utilizing existing technology to improve police services to its residents and for this shared service initiative.**

**Community Reaction Survey**

The township committee mailed a survey on police services to each Hillsborough household in the township's quarterly newsletter. The residents were asked to mail it back to the department. The chief and his staff have reviewed each response and have used the information when appropriate. The survey provides valuable feedback on the quality of police service the department delivers.

**The township is commended for soliciting feedback from its residents regarding the quality of police services.**

## **PATROL DIVISION**

The patrol division is commanded by a lieutenant and is staffed with four sergeants, four corporals and 24 officers. All marked patrol cars are equipped with radar, Mobile Data Terminals (MDT's), and shotguns. In addition to commanding the division, the lieutenant's duties include:

- Patrol Scheduling
- Court Liaison
- Domestic Violence Coordinator
- Victim Witness Coordinator
- Administering the Top Cop Program
- Special Events Coordinator
- Payroll Coordinator
- Press Liaison

The patrol shifts are split into two squads, and the patrol officers work 12-hour shifts for eight weeks followed by two weeks of eight-hour shifts. This schedule was put in place approximately 10 years ago as a result of collective bargaining.

Officers work from 7:00 a.m. to 7:00 p.m. on the day shift and 7:00 p.m. to 7:00 a.m. on the night shift. The eight-hour shift begins at 4:00 p.m. and ends at midnight, which provides an overlap of two additional officers at the time of the day when there are generally more calls for service. This schedule serves the officers well by keeping the average workweek at 40 hours and serves the department well by adding additional officers when needed.

The schedule addresses the changing workload experienced throughout the day. While the variation in calls for service at different times of the day could not be confirmed due to the limitations of the present Computer Aided Dispatch (CAD) system, LGBR's experience and the opinion of the department are that the calls for service drop off after midnight. A common problem of 12-hour shifts is having the same amount of officers on duty around the clock, which this schedule solves.

**The township, the department and the PBA should be commended for instituting this schedule which serves the officers, the police department and township residents well.**

Each patrol squad is commanded by a sergeant and staffed with a corporal and five patrol officers. The township is geographically divided into five sectors and the department has specific written directions as to how the sectors are covered, depending on whether there are three cars or up to seven cars on the shift.

Also addressed is the overlap of shifts between 4:00 p.m. to midnight. The minimum manning is four officers on the road, which can include the corporal. The squad sergeant has access to all cars, offices and department equipment so that he can deploy officers in unmarked cars if needed, and has the authority to call officers in on overtime if manning falls below minimum.

**The township and the department are commended for a written deployment plan for varying staffing levels.**

The squad sergeant has an office adjacent to the civilian dispatcher that he also supervises. The corporal acts as the squad supervisor when the sergeant is not on duty.

The patrol officers are expected to issue traffic summonses as part of their duty so that traffic enforcement is not left solely to the traffic bureau. The sergeants or corporals have the ability to approve reports on the MDT's before they are submitted. All patrol officers are trained in CPR and to use portable defibrillators; there are five portable defibrillator units assigned to the patrol division.

### **Corporals**

This department has a rank of corporal, which as defined in the Police Rules and Regulations is a patrol officer in the police department assigned to provide for the continuity and supervision of an assigned squad. A corporal can either perform the duties of a patrol officer, serve as an assistant to the sergeant, or in the absence or illness of the sergeant perform the duties of the police sergeant. During a normal shift when the sergeant and corporal are on duty, the corporal is the first line supervisor assigned to the road. The corporal may also be assigned to cover a patrol sector, while the sergeant is generally in the office handling administrative duties.

The team feels that the corporal position can be more useful if the department is structured with one lieutenant commanding the patrol division and having the sergeants as squad commanders. (During our review, however, the department assigned a second lieutenant to the patrol division so that a lieutenant commands each squad.)

The lieutenant is occupied with administrative duties and seldom has time to devote to day to day issues of the shift and to go on the road to observe the officers and conditions they face. In this scenario, the corporals are essential to provide first level supervision.

The contract between the township and PBA Local #205 states that there is a minimum of six corporal assignments. Four of these are in the patrol division. The appointment period is one year unless removed by the police chief. The compensation for corporals is 2.5% more than top patrolman rate.

The department assignment of the second lieutenant position to the patrol division was done to share the many administrative tasks the senior lieutenant had, but this may create a problem by having two separate patrol shifts working for different commanders that may have different priorities or different management styles. Having one lieutenant will improve the unity of command.

LGBR suggests that a single lieutenant command the patrol division and that sergeants assume more administrative responsibilities as squad commanders to lessen the burden of the lieutenant.

This would permit the elimination of the second lieutenant position. Based upon the 1998 salaries, the savings would be the difference between the lieutenant salary of \$78,980 and the average patrolman salary of \$54,687.

**Recommendation:**

**It is recommended that the patrol division become a bureau within the newly established operations division, which would allow for one lieutenant position to be eliminated. One lieutenant will command the patrol bureau as depicted in Appendix A.**

**Cost Savings: \$24,293**

**Dispatchers**

The department currently employs six full-time dispatchers and one part-time dispatcher on a per diem basis. At the time of our review, the department was in the process of hiring a seventh full-time dispatcher.

**Recommendation:**

**It is recommended the township consider hiring a second per diem dispatcher rather than a 7<sup>th</sup> full-time dispatcher, which would provide a savings of approximately \$9,901, based upon benefit costs.**

**Cost Savings: \$9,901**

Dispatchers work the same 12-hour schedule with a modification involving the switch to the afternoon eight-hour shift. This schedule provides for one dispatcher on duty 7:00 a.m. to 11:00 a.m., two dispatchers on duty from 11:00 a.m. to 11:00 p.m., and then one dispatcher on duty from 11:00 p.m. to 7:00 a.m.

Emergency 911 calls are answered at the county dispatch center and police emergencies are transferred to the Hillsborough center for call taking and dispatch. Fire and first aid calls are dispatched from the county and then transferred to Hillsborough as needed. This system allows the county dispatcher to handle any over the phone medical emergencies that a single dispatcher could not do and dispatch at the same time.

Hillsborough's dispatch center operates a Computer Aided Dispatch (CAD) system that is 14 years old and has outlived its effectiveness. The reliability of the system is poor and when it breaks down, the call taker/dispatchers must go back to an old punch card system of tracking calls.

The MDT system in the patrol cars is not being used by the dispatchers to dispatch calls through the existing CAD system. The records management portion of the CAD system is not providing the police administration the information it needs to monitor the effectiveness of the department, or the ability to re-deploy its officers when the types of calls for service or the times of the day

these calls are received change. This CAD system fails to supply the response times of the officers or the amount of time spent out of service for calls or administrative actions. This information is needed to effectively manage the assets of this department.

Police officials have met with the CAD system vendor in attempts to improve the system. It is apparent to police officials that the CAD system needs to be replaced and LGBR agrees. The approximate cost of a new system is approximately \$200,000.

### **Recommendation:**

**It is recommended the township invest in a new CAD system, which will allow the township to maximize the use of existing technologies such as the MDTs.**

### **Top Cop Program**

This program that was recently started to recognize the best officers assigned to each patrol squad. This type of program is important because the officers assigned to patrol shifts often go unrecognized within their departments. This program solicits input from the patrol lieutenant, sergeants, corporals and the officers themselves. It is awarded annually to one officer from each shift. The cost of this program is only \$100 per year.

The rewards are:

- A letter from the chief that is placed in the officer's personnel file.
- The winner's name goes on a plaque at headquarters.
- A bar to be worn above the officer's badge.
- Dinner for the officer and guest at a local establishment.

**The township and police department is commended for recognizing the work of the officers.**

### **Vacation Schedule**

During our interviews, the vacation schedule was mentioned as a potential source of problems. Junior officers feel that the schedule forces them to take vacations during parts of the year that are not as desirable as more senior officers.

According to the PBA contract, the vacation policy allows only one officer per shift on vacation at a time, which permits the department to schedule officers throughout the year and does not have the squads staffed at the minimum staffing levels during the busy summer months due to contracted days off. In other police departments, the practice of letting officers pick vacations down to the minimum staffing levels have been major causes of overtime.

**The township, the police department, and the PBA are commended for excellent management of the vacation schedule.**

## **Alarms**

The police department also enforces the township alarm ordinance in Chapter 39 of the codebook. The ordinance requires the registration of all alarm devices, a \$10 fee, and also requires a verbal warning be given to operators of alarm systems that report false alarms for the first five occurrences within a 12-month period. For the sixth false alarm, a written warning is given, and for the next four false alarms, a fine of not less than \$100 or more than \$300 is given. Subsequent alarms result in a fine of up to \$500.

During the year of 1999, it was reported that there were 1,252 alarm systems registered with the police department. There is a procedure in place that flags unregistered alarms received by the department. A letter is sent to the owner and if the alarm is not then registered, a summons will be issued. The department received 1,601 alarms and of that, 1,446 were violations of the alarm ordinance. Thirty-seven letters were sent indicating a sixth false alarm was received. And 59 summonses were issued indicating that over seven false alarms were received. According to police records, \$10,800 was collected in alarm fines.

Approximately 90% of the department's time responding to alarms was actually spent responding to false alarms. These calls, based upon past LGBR reviews, usually require at least a two-officer response. Conservatively estimating that it takes 20 minutes for both officers to clear the call, these calls result in approximately 964 hours a year of lost time consumed by false alarms. Based upon the average patrolman's hourly rate of \$23.66, the cost to respond to false alarms was approximately \$22,808. Thus, the township should consider modifying the structure of fines to offset the time spent on alarm violations and false alarms.

A written warning should be sent at the first false alarm and the summons issued at the third occurrence. The third offense would require a fine of \$25 with an increment of \$10 for each subsequent fine up to the seventh false alarm, which would still constitute a \$100 minimum fine. This type of enforcement can be included in the Computer Aided Dispatch (CAD) system so that these events will generate the appropriate letters. Based upon 1999 false alarms, the township would collect an additional \$5,920 in revenue from the modification of the alarm ordinance.

## **Recommendation:**

**It is recommended the township modify the alarm ordinance to enhance revenue to offset the time spent responding to alarm violations and false alarms.**

**Revenue Enhancement: \$5,920**

## **Automobile Lock-outs**

As a department that prides itself on its service to the community, the department respond to calls of people locked "out of" their cars by dispatching officers to attempt to open the locked car with a device known as a "Slim Jim." The Slim Jim tool has been around for at least the last 30 years and was designed to open locked doors designed in the 50's.



Modern cars have been designed to defeat this type of tool. Most cars that are opened with this tool suffer some damage. Police officers are not formally trained in the use of this tool; in fact the team does not know of any training that is available for this. The police department requires people requesting this service to sign a waiver to protect the officer and agency for action to recover costs to repair any damage. Most people do not realize that the damages can amount to hundreds of dollars especially with electronic controls and side airbags located on the doors of more cars.

A recent LGBR review of another police department which tracked the use of the “Slim Jim,” showed a failure rate of entry was 40% with the average lock-out call lasting 22 minutes. In Hillsborough, CAD figures indicate there were 530 lock-out calls dispatched, but not the amount of time spent on each call. If we use the 22 minutes spent by the other department as average, the time consumed on automobile lock-outs was 11,660 minutes or 194.3 hours. Based upon the average patrolman’s hourly rate of \$23.66, the cost spent on automobile lock-outs was approximately \$4,495.

The team feels that this service should be done by trained and certified locksmiths, which can be handled in the same way towing services are offered to stranded motorists. A list can be developed of participating vendors that can be screened and prices can be established so that people can have confidence that they are receiving fair and safe service. Any time safety is an issue, officers can be dispatched to standby until the locksmith arrives. If there is a compelling need for immediate entry such as a child locked in a running car, the officer should be allowed to use his or her judgment to gain entry by any means.

### **Recommendation:**

**It is recommended the township consider eliminating the automobile lock-out service by police officers and relies on private locksmiths for this service.**

**Productivity Enhancement: \$4,495**

### **Patrol Analysis**

The team performed a workload analysis to determine the minimum number of police officers needed for patrol duties. Using time and attendance records provided by the police department, the team computed the officer availability, after training and leave, to be 1,823 hours per officer per year. Hillsborough’s officer availability is above average for NJ police departments. In 1998, there were 27,361 calls for service (CFS).

The Hillsborough CAD system cannot supply the team with average consumed time for calls for service. Instead, the New Jersey Division of Criminal Justice statewide average for consumed time on calls for service was used. This average consumed time is 43 minutes and is based on over 30 previously conducted analyses throughout New Jersey.

The methods the team used for purposes of determining patrol-staffing requirements is recognized by the International Association of Chiefs of Police and is taught by the New Jersey Division of Criminal Justice.

To staff the patrol function, it is necessary to consider minimum patrol staffing requirements and the type of service expected by the township. These methods used to determine minimum staffing do not include supervisors, investigators, traffic officers, DARE officers and administrative functions.

The first method takes the total calls for service multiplied by the average consumed time multiplied by a factor of 2.5 which allows for preventive patrol, answering calls and administrative time. In the Hillsborough Police Department, the CAD system captures only about ½ the administrative activities performed by the patrol officers. Certain activities, such as meal breaks, are not accounted for by the system. Our buffer factor of 2.5 has compensated for this. It then divides that time by the officer availability. The result is 27 officers. This included the corporals since they are assigned to patrol sectors and are available to answer calls.

$$\begin{array}{rccccccccc} \text{Calls For Serv.} & & \text{Avg. Consumed Time} & & & & \text{Officer Avail.} & & \text{Min. Staffing} \\ 27,361 & \times & 0.72 & \times & 2.5 & \div & 1,823 & = & \mathbf{26.9} \end{array}$$

Another method used to determine minimum staffing is based on the minimum number of officers required deploying a patrol squad safely. The department has determined and LGBR agrees that four road officers are the minimum needed before an officer is called in on overtime.

To calculate the total number of officers needed to provide the desired staffing, the number of shifts multiplies the number of officers. This is multiplied by the number of hours per shift. That number is multiplied by 365 and divided by the officer availability. The result is 29 officers. This method also excludes supervisors.

$$\begin{array}{rccccccccc} \text{Officers Per} & & \text{Hrs. Per} & & \text{Days per} & & \text{Hrs. Per Year} & & \text{Officer Avail.} & & \text{Min.} \\ \text{Day} & & \text{Shift} & & \text{Year} & & & & & & \text{Staffing} \\ 12 & \times & 12 & \times & 365 & = & 52,560 & \div & 1,823 & = & \mathbf{28.83} \end{array}$$

The results show a minimum staffing level of 27 for the first method and a level of 29 officers for the second method. At the time of our review, Hillsborough had 24 officers and four corporals totaling 28 officers assigned to patrol. Thus, LGBR concludes that Hillsborough is appropriately staffed. All calculations for the above methods are shown in Appendix B.

**The township is commended for providing police staffing at an appropriate level.**

#### **Recommendation:**

**It is recommended the township eliminate the patrol division and that it become a bureau within the operations division. This is illustrated in the proposed table of organization in the Appendix A.**

### **Uniform Allowance/Maintenance**

According to the PBA contract, all employees covered by the contract are issued all normal operational uniforms and equipment and the township agrees to replace all uniforms that are worn out or damaged beyond repair. In 1999, the actual cost for uniform replacement averaged \$151 per uniformed officer. In addition, all officers received an \$889 cleaning allowance, which is paid in a lump sum in November. All officers assigned to the uniform division are also paid \$154 each year for the purchase of new shoes. The total average cost per uniformed officer was \$1,194.

The analysis and recommendation for the PBA's uniform allowance is located in the contracts section of this report.

### **INVESTIGATIVE DIVISION**

A lieutenant, who is assisted by a secretary, commands this division. A detective corporal and two detectives are assigned to the major case squad, while a detective corporal, two detectives, and a school resource officer (SRO) are assigned to the juvenile squad.

Detectives work four different sets of eight-hour shifts ranging from 7:00 a.m. to 11:00 p.m., Monday to Friday. Four of the most junior detectives are assigned to an "on call" schedule and are given a pager and must be able to respond within an hour of being notified. They are paid an annual stipend of \$695 for this duty. Officers assigned to the investigative division are also granted a clothing allowance of \$574 in addition to the cleaning allowance.

### **Recommendation:**

**It is recommended the township consider providing an "on-call" detective with an unmarked car, portable radio and identification kit while "on-call."**

The workload of this division is reported at approximately 350 cases per year and has remained steady for several years. According to the Uniform Crime Report (UCR), Hillsborough had a 1999 crime index total of 435, which was a 19% decrease from the 1998 total of 543. The crime index is defined as, "the total of the seven major offenses used to measure the extent, fluctuation and distribution of crime in a geographical area. The following crimes make up the index: murder, rape, robbery, aggravated assault, burglary, larceny-theft, and motor vehicle theft; these offenses are referred to as index offenses." The detective division investigates all index crimes and other offenses.

During LGBR reviews, the number of detectives normally available to work cases is compared to the crime index. The crime index is used for comparisons because it is a uniform reporting standard used throughout the state. Duties and additional investigations assigned to detectives vary from town to town, but the crime index standard is statewide. The caseload in 21 other municipalities reviewed by LGBR ranged from 44 cases per detective to 237 cases per detective, while the average number of cases per detective was 113.

In 1999, there were 72.5 cases per detective per year for Hillsborough, which is significantly lower than the average. In 1998, the ratio was 90.5 cases per detective per year and still below average. If the number of detectives were reduced by one position, the case per detective ratio would increase to 87 cases per detective, which is still below the 1998 ratio and the average.

**Recommendation:**

**It is recommended the township reduce the number of detectives by one position to a total of five detectives including the sergeant. The township would save the \$695 detective stipend and the \$574 clothing allowance.**

**Cost Savings: \$1,279**

In the past, the division commander has recommended that the work schedule be modified to incorporate weekend coverage into the schedule to reduce overtime. During our review, it was discovered that the most common task of detectives when on overtime is crime scene processing. The next day the actual investigation usually begins with interviews. If the patrol force was trained to do basic crime scene processing, the overtime paid to detectives could be reduced.

If patrol officers were trained to process crime scenes for most common crimes, LGBR estimates that approximately half of all detectives' overtime could be reduced. Overtime call outs of detectives would happen only for the most serious or complex situations. Based upon the number of detective overtime hours (271 hours) in 1999 and the average patrolman's hourly rate (\$23.66), a saving of approximately \$4,814 could be achieved.

**Recommendations:**

**It is recommended the township train the patrol officers to process crime scenes for the most common crimes.**

**Cost Savings: \$4,814**

**Also, it is recommended the investigative division be reconfigured into one squad, to eliminate the division between the major case squad and the juvenile squad. Combining all detectives into one unit can ease the scheduling and eliminate the confusion between squads and the corporals assigned to each squad. All detectives should be designated and trained as juvenile officers to comply with the attorney general's guidelines. The corporal positions should be eliminated and replaced with one sergeant.**

**It is recommended that the township eliminate the two corporal assignments and replace them with one sergeant.**

**Value Added Expense: \$3,209**

The school resource officer (SRO) is assigned to the detective division and works in an office in the high school. The program has been in place since fall 1999 and has been well-received. The mission of the SRO is to be a presence in the school.

The officer has completed a 40-hour SRO training course and belongs to the National Association of School Resource Officers. This position takes all police reports generated on the school property and conducts follow up investigations. The detective/officer also teaches classes on subjects such as driver education, juvenile rights, and search and seizure.

The school resource officer's work schedule is 7:00 a.m. to 3:00 p.m. Monday to Friday. When school is closed, the SRO is assigned to a patrol squad. The high school has 1,800 students and no other security other than a retired officer who works for the school to patrol the parking lots. There are plans to add an additional SRO and assign that officer to the middle school.

#### **Recommendation:**

**It is recommended that the school resource officer be assigned to the detective division when the school is closed to conduct follow-up investigations. This would also help tie the investigations that he is doing into the rest of the detective division. The patrol assignment is not consistent with the detective being assigned to the detective division.**

During our review, the team observed that the police portable radio did not work within the school building. Since the school building is the officer's primary patrol area this can pose a problem for officer safety and supervision.

#### **Recommendations:**

**It is recommended the township work with the radio contractor to find a cost-effective way to enable the school resource officer to communicate with the police department.**

**It is also recommended the township reorganize the investigative division as a bureau that reports to the commander of the operations division. The reorganization is illustrated in the proposed table of organization in Appendix A.**

#### **ADMINISTRATIVE DIVISION**

This division is commanded by a lieutenant and is staffed with one officer and one secretary. The division also uses senior volunteers to augment its staffing needs. The division is responsible for the following:

- Personnel Records
- Uniforms & Department Equipment Issued to the Officers
- Building Maintenance
- Holding Cells
- Purchasing
- Payroll
- Budgeting and Grants
- Senior Volunteers
- Special Officers
- Crossing Guard

The officer assigned to this division maintains the communications and computer systems. This officer is the 911 coordinator and also maintains the National Crime Information Center (NCIC) link, the MDT's and the in-house computer network. He also provides computer support to the township and board of education when requested.

**The township is commended for its use of technology within the police department.**

#### **Record Section**

One full-time secretary files all reports and provides copies to the public for the record section. The record section is open to the public from 8:30 a.m. to 4:00 p.m.

The township uses senior citizens to provide additional manpower to the operation of the police record office. The seniors are available to file reports and assist the office.

Currently, there are five senior volunteers, who work two hours per day totaling 10 hours per week. This accounts for 520 hours per year and saves the township approximately \$8,065 per year, based upon the hourly rate for clerical staff.

**The township and senior citizens are commended for providing valuable manpower to the police department at no cost to taxpayers.**

#### **Recommendation:**

**It is recommended that the record section be located within the services division and report directly to the police chief.**

#### **SERVICES DIVISION**

A lieutenant commands this division, which is made up of the traffic section and the training/community policing section. A secretary assists with administrative duties. The lieutenant also serves as the vehicle maintenance officer.

#### **Fleet**

Vehicle maintenance is conducted by the department of public works (DPW), located less than a mile from the police department. The visible condition of the fleet seems good and the officers interviewed agreed that the cars were in very good shape.

At the time of the review, the fleet consisted of 30 cars. There were 14 marked cars assigned to patrol, three cars assigned to traffic, two four-wheel drive utility vehicles, five unmarked detective sedans assigned to the detective division and six unmarked detective sedans assigned to the administrative officers. The cost to operate the police fleet is included within the department of public works budget.

While doing the review, we observed the lieutenant bringing police cars to the DPW in the morning and picking up cars in the afternoon. This required the lieutenant to find other officers

or supervisors in the building or to call officers from the road to deliver cars to the DPW garage. When LGBR staff went to the DPW garage, mechanics were observed sitting in the office at the end of the day while the lieutenant was summoned to pick up a car. According to police staff, this is a common occurrence.

Having the lieutenant shuttle cars to and from the DPW garage is not efficient use of supervisory staff. It is estimated police personnel spend two man hours each day (30 minutes of both the lieutenant's time and another officer's time each morning and each afternoon) bringing cars to and from the DPW. Based upon 1998 salaries, it is estimated this task takes approximately 520 hours per year valued at approximately \$15,860.

#### **Recommendation:**

**It is recommended that DPW personnel, rather than the police lieutenant, shuttle the police vehicles to and from the DPW garage. This will provide a productivity enhancement to the police lieutenant.**

**Productivity Enhancement: \$15,860**

At the time of our review, the police department was in the process of hiring a civilian clerk/police specialist, part-time, to assist all divisions doing various tasks. One of the tasks identified would be to move cars around. This new position is projected for 24 hours per week at a rate of pay of approximately \$15 per hour. It is evident that the department is capable of using this person and perhaps another to assist division and section commanders with clerical chores and enable these supervisors to observe the officers and conditions on the street.

The addition of this part-time position will produce a productivity enhancement to administrative officers. The cost of the part-time position would be approximately \$18,720 based upon 24 hours per week at \$15 per hour. The productivity enhancement to the administrative officer's staff would be approximately \$29,720 based upon an average hourly patrolman rate of \$23.66. The net productivity enhancement is approximately \$10,807.

**The township and the department are commended for providing an effective method to meet staffing needs while increasing productivity to uniformed officers.**

Another issue is the policy of having officers change tires when a flat tire occurs and the DPW is closed. This practice exposes the officer to injury by the use of emergency jacks provided in the cars, and require the officer to remove all the emergency equipment stored in the trunk to retrieve the spare tire and jack. Additional patrol time is lost because the officer must go to headquarters to get cleaned up. In 1999, there were 18 flat tires on police vehicles.

In other municipalities, changing of flat tires is included in the municipal towing contracts, generally at no additional cost to the township.

**Recommendation:**

**It is recommended the township modify the towing contract to include the changing of flat tires for all township vehicles when the DPW is closed.**

Hillsborough officers also bring police cars to state vehicle inspection. This task should be performed by the DPW employees, as it is more efficient and cost-effective for DPW staff to wait at the inspection line rather than a sworn officer.

**Recommendations:**

**It is recommended that non-sworn employees be used to bring police vehicles to inspection.**

**Also, it is recommended the police fleet be reduced by one unmarked car because the proposed reorganization reduces the amount of lieutenants by one. This car could be reassigned to other township departments such as the tax assessor, which could use an additional vehicle.**

**Traffic Section**

The traffic section consists of a sergeant and three officers. The sergeant works eight-hour shifts alternating from 7:00 a.m. to 3:00 p.m. one week and then 3:00 p.m. to 11:00 p.m. The officers working 12-hour shifts start at either 7:00 a.m. or 12 noon.

The section has three cars assigned to it. Two of the cars are marked but not equipped with top lights. The third car is used as a deterrent vehicle, which is deployed around the township with a mannequin placed behind the wheel. This car is occasionally manned with a traffic officer and speed enforcement is done to keep the public aware of the possibility of a real officer. This unit was deployed 196 days in the last 12 months.

The duties of the traffic bureau in addition to enforcement and accident investigation are:

- Radar Maintenance and Certification
- Monitor the Wreckers
- Process Amber Light Permits
- Process Junk Titles
- Registration and Inspection of Police Units
- Handicap Parking Permits
- Recovered Property and Condition Notifications
- Maintain Motor Vehicle Crash Map
- Street Surveys

**Recommendation:**

**It is recommended the township merge the traffic section with the community-policing function along with the DARE officers to create a traffic/quality of life bureau. It is also recommended that the traffic bureau be transferred into the operations division.**



## **Training and Community Policing**

This bureau is commanded by a sergeant and is staffed with two officers. The bureau responsibilities include:

- Training Schedules & Maintaining Training Records
- DARE Officers
- UCR Reports
- Police Explorers
- Basketball Program
- Bicycle Patrols
- Trading Card Program
- Alarm Ordinance Compliance
- Crime Prevention
- Neighborhood Watch Program
- Community Talks and Tours
- School Fitness Program
- Monthly Reports
- NCIC Files and Validations
- Traffic Summons & Motor Vehicle Crash Data Entry
- College Intern Program
- Senior Volunteer Program
- Warrant Audits
- Video Training Program
- School Fingerprinting
- POST Training
- Home Alone Program
- Community Business Security Surveys
- Faxnet Program
- Business Liaison and Crime Alert Flyers

Using two DARE officers, the DARE program reaches 700 fifth grade students in 23 classes in seven schools. In addition, DARE officers handle 450 students in the middle school. When school is closed for the summer, these officers will deploy on bicycles, working the 12-hour schedule to bring community policing into targeted areas of the township.

### **Recommendation:**

**It is also recommended the township merge the training function into the administrative division and the community policing function into the operations division.**

There is a need in the department for a part-time clerk/police specialist position to handle administrative duties in order to relieve training and traffic officers of the administrative tasks. A civilian can perform many of the duties listed for the traffic, training and community policing functions. A review of the monthly traffic activity report shows a great deal of time spent on administrative tasks by the sergeant and officers.

The cost of this new position would be offset by a productivity enhancement to traffic and training/community policing staff and additional revenue from traffic summonses. The cost of the part-time position would be approximately \$18,720 based upon 24 hours per week at \$15 per hour. The productivity enhancement to uniformed officers would be approximately \$29,720 based upon an average hourly patrolman rate of \$23.66. The net productivity enhancement is approximately \$10,807.

### **Recommendation:**

**It is recommended that a 24-hour per week part-time clerk/police specialist position be created to relieve officers of administrative tasks.**

**Productivity Enhancement: \$10,807**

### Proposed Staffing Changes

The chart below summarizes the proposed staffing changes to sworn officers and administrative staff in this section on the police department. Another chart comparing the current and proposed total staffing level for all positions in the entire department is in Appendix C. As this appendix indicates, LGBR is not recommending the reduction of any sworn officers, but is recommending the shifting of some positions/titles to improve the organizational structure and, thus, the overall operation of the police department.

	Net Change	Savings	Costs	Net Savings/Costs
<b>Detectives</b>	-1	\$1,279	-	-
<b>Sergeants</b>	1	-	\$3,209	-
<b>Corporals*</b>	-2	-	-	-
<b>P/T Administrative Support</b>	1	-	\$18,720	-
	<b>-1</b>	<b>\$1,279</b>	<b>\$21,929</b>	<b>\$20,650</b>

\*Two corporal positions are being replaced in the investigative division with one sergeant position. The net effect of the change is an additional \$3,209.

## COURTS

While the team recognizes the separate authority and responsibility of the judicial branch of government, the following comments and recommendations are made in an effort to provide the municipality with information on current and potential operations, procedures and programs available to the court. Recommendations are made with the knowledge that further review and approval will be required by appropriate judicial personnel.

### Staffing

The municipal court is staffed by one part-time judge, one full-time court administrator and two full-time deputy court administrators. At the time of our review, the judge for the past 14 years was replaced. The new judge had served in this position for the township during the early 1980s. The court administrator has been with the township for more than 26 years. While each position has a distinct function, the deputy administrators provide backup to each other.

In 1999, the township appointed several temporary employees on an “on call” basis to help out with the dramatic increase in the number of tickets. These temporary employees were paid \$25 per hour. The township reportedly allotted \$6,000 to the court in 1999 to hire part-time employees to fill in for vacationing staff and deal with the increases in tickets being issued by police and township officials. Two deputy court administrators from neighboring towns were retained by the township to be on call temps to be brought in on an as needed basis. The actual cost was approximately \$975. In 2000, the township has authorized a permanent part-time position for the courts, which should replace the need for the two temporary part-time positions used in 1999.

### **Court Sessions**

The court facilities are located in the municipal complex. The township holds court on Monday evenings. In early 2000, the township added an additional court session on Tuesday afternoons to address a backlog of cases.

### **Courtroom Security**

A uniformed officer within the police department secures the courtroom. The officer with the most number of tickets on the date of the court is reportedly normally assigned to courtroom duty. Our observation of the court on at least three different occasions suggests that a number of uniformed officers are rotating this responsibility during the time that court is in session. Courtroom security is built into the patrol schedule. No overtime or compensatory time is generated from courtroom security.

### **Court Calendars**

Unlike many other municipal courts, the court calendar or docket is not posted for public view on court days. This practice was reportedly stopped because of the rate of changes in the calendar up until the time when the court convenes. As a result of this practice, the team witnessed many people requiring assistance from court staff to verify whether their case was to be heard on the day that they appeared. If the court calendar were posted for public view, some staff time would be freed up to devote to other duties.

### **Recommendation:**

**It is recommended that the township post the court calendar for public view with instructions to individuals to check the calendar before making any inquiries of court staff to reduce the staff's time answering questions at the violations office.**

### **Financial**

In 1998, the cost of salaries and direct benefits was \$184,395. The part-time judge receives health, social security and pension benefits. Other expenses for the same time period were \$11,829, and \$10,137 was spent on overtime. The total costs for the municipal courts in 1998 were \$206,361. In 1998, the court collected \$314,860 in fines and court costs.

The two deputy positions receive overtime pay each time they serve in night court sessions. With the change in judges, the township is now holding court two times per week as opposed to once a week under the former judge. The increase in court sessions will likely increase overtime cost.

In an effort to reduce overtime, the township should also consider a "flex time" program, which could function as follows. Assuming two workers are needed for an evening court session, one staff member could come in at noon on the day of that session. The other required worker could come in at noon on the following day or a day of convenience to the department and the employee. If implemented, the township should monitor the effect "flex time" has upon the rate of disposing cases.

## **Recommendation:**

**It is recommended the township consider reducing overtime. The township may also consider initiating “flex time” for court personnel to reduce or eliminate compensatory time.**

### **Automation**

The court administrator uses the Automated Traffic System/Automated Complaint System (ATS/ACS), which is under the jurisdiction of the Administrative Office of the Courts (AOC) in Trenton and is accessed online via modem. The system is also used to electronically file monthly reports to the AOC. Data contained in these monthly reports is the basis for the caseload analysis to follow.

### **Caseload and Statistical Analysis**

In 1999, the court disposed of 5,579 traffic cases and 466 criminal cases, while 6,174 traffic cases were added and 424 criminal cases were added. The traffic charges “disposed of” compared to those “added” during the year were 90.36%. Likewise, the criminal offenses “disposed of” were 109.91 %. Both are good case disposition rates.

In 1999, there were a total of 6,045 traffic and criminal cases disposed. The monthly caseload per employee is 168. The benchmark, which LGBR has established, is a caseload of approximately 160 per employee. Many factors affect the ability of a court staff to process cases. Foremost is the mix of parking, moving violation and disorderly person (criminal) cases. The court staff is functioning above average.

In an average month, there were 1,783 traffic cases and 256 criminal cases pending at the end of the month and the numbers of traffic cases increased by 595, while the number of criminal cases as decreased by 42. This trend has created a backlog of traffic cases. Staff estimated a backlog of 1,700 cases at the time of our review. The additional weekly court session added in early 2000 should reduce this backlog.

**The township is commended for taking action to address the backlog of cases.**

### **Collections**

In 1999, the Hillsborough municipal court also had good collection rates. Analysis of the total collections to the total fines and court costs shows collection rates of 111.64% and 55.16% for traffic and criminal offenses, respectively.

### **Time Payments/Delinquent Complaints**

From time to time defendants are unable to pay fines assessed in court. In such cases, the judge may allow a defendant to make periodic payments. These payments are called “time payments.” In many courts, time payments become delinquent requiring aggressive follow-up by the court staff. At the end of 1999, there were 135 outstanding time payments valued at \$84,763.

An analysis of delinquent complaints, at the end of 1999, shows there were seven delinquent complaints worth \$3,402, which is low.

## **FIRE COMMISSION**

The fire commission initially invited the LGBR team to include fire services as part of our review of the Township of Hillsborough. The commission later reversed its decision retaining the option of re-applying for the review at a later date. The team included the following section to provide residents with a general summary of the fire commission's history and activities.

Prior to 1977, three volunteer fire companies provided fire service to Hillsborough Township. In April, 1977, the township created the Hillsborough Fire Commission, a single fire district to coordinate fire protection for residents in a growing community. A fire district is a special district, which is an autonomous entity with its own power to levy taxes.

Governed by a five-member board, the commission provides the volunteer fire companies with fire apparatus, equipment and related maintenance for fire suppression, and pays each volunteer company rent for the garage bays. All maintenance of the facilities is the responsibility of the respective fire company. The district also contracts with the Neshanic Fire Company for fire protection of the western part of the municipality.

Operating expenditures and capital purchases are funded through taxation. According to municipal documents, the commission's approved 1999 and 2000 budgets were \$814,752 and \$958,835, respectively. The 2000 budget represented an increase of 15% over the 1999 year. The tax rate for the fire district for 1999 and 2000 were 0.024 per \$100 of assessed value and 0.038 per \$100 of assessed value, respectively.

Over the years, all fire bureaus, fire safety and fire prevention activities were transferred from municipal oversight to the Hillsborough Fire Commission. Commission employee salaries and benefits are included in the municipal payroll; however, the cost of the salary plus 25% administrative/benefit costs are reimbursed to the municipality quarterly.

According to the 1998 payroll, the commission spent approximately \$98,479 for salaries for the fire official, fire inspectors and clerical support. The cost of health, pension, Medicare, social security and other benefits, was an additional \$26,864 or 27% of salary costs. According to the finance office, the commission currently reimburses the town for \$24,620 for employee benefits. Based on prior reviews, the LGBR team feels that direct and indirect costs are closer to 33%, or \$32,498, as administrative costs such as processing fire payroll are not included.

## **Recommendation:**

**The current 25% administrative/benefit cost, which the municipality receives from the fire commission, does not cover all the actual costs. It is recommended the township increase the administrative percentage charge to 33% to cover both direct and indirect costs for a revenue increase of \$7,878.**

## **EMERGENCY MEDICAL SERVICES**

The Hillsborough Rescue Squad provides Emergency Medical Services (EMS) in the township. The squad currently operates four basic life support ambulances, a four-wheel drive ambulance, a heavy rescue truck, a utility van and two watercraft. Two volunteer night crews cover the 12-hour period starting at 6:00 p.m. each evening. Crew #1 operates out of the Amwell Road building and covers the township west of the South Triangle Road area. Crew #2 responds from the Hamilton Road substation and covers east of the above boundary.

The squad has two operational companies, the Hillsborough Rescue Squad and Hillsborough Emergency Medical Services (HEMSCORP). Both are non-profit IRS 501(c) entities. The Hillsborough Rescue Squad created HEMSCORP as an accounting mechanism when the squad instituted seven day 6:00 a.m. – 6:00 p.m. paid coverage, and began billing insurance companies for services to pay for the staff.

This additional funding provided the squad with the ability to hire a paid crew to meet the increasing demands for its daytime services. The squad accepts the insurance payment as full payment and does not bill patients for the remaining balance.

Paid crews are contracted and do not receive health benefits, earning hourly wages ranging from \$8.75–\$10 an hour based on seniority. In 1999, the squad and HEMSCORP responded to 2,265 incidents in which the daytime crew handled 1,300, or 60%.

**The rescue squad and HEMSCORP are commended for addressing staffing problems with the day shift by billing insurance companies for revenue to cover the costs of the paid staff.**

There are occasions when the paid crew is on a response call and receives a second request for an ambulance. The squad must either recall the paid crew or page a second crew to the fire house. According to EMS officials there has been an increase in these incidents, which has resulted in HEMSCORP exploring the possibility of adding a second daytime crew. Due to administrative and software problems, neither the squad nor police dispatch were able provide the LGBR team with statistics on the number of multiple responses that would support an additional squad.

The township should consider addressing this issue with existing staff. The LGBR team found that two of the employees in the fire bureau are certified to operate all ambulance and rescue equipment. The township could release these employees for second response calls, including automobile extrication, when the paid crew is responding to another call.

## **Recommendations:**

**In return for access to the two employees, it is recommended the rescue squad provide free training (not including material costs) to township employees and volunteer fire companies.**

**It is recommended the township release township staff for second response calls, when needed, including automobile extrication, when the paid crew is responding to another call.**

The rescue squad performs all extrication services for the township. In addition to the rescue truck, the squad outfits each ambulance with light rescue equipment. Having a paid crew available during the day enables the squad to respond quicker to an incident than the volunteer fire companies who must first assemble a team before responding. Furthermore, it saves the fire commission from equipping each firehouse with extrication equipment at a cost of \$200,000 for a vehicle and equipment per fire company.

**The township and rescue squad are commended for providing EMS vehicle extrication through the rescue squad with paid EMS staff. This efficient operation increases response time and saves the fire commission approximately \$600,000 from purchasing a rescue vehicle and equipment for each fire company.**

## **Finance**

The majority of revenue for the rescue squad and HEMSCORP came from non-governmental sources. In 1999, the fire commission and municipality contributed \$10,000 and \$40,000, respectively. In 2000, the fire commission cut funding by 50%. The municipality however, began allowing ambulance fueling at municipal gas pumps. The municipality also allows the rescue squad to “piggyback” onto township insurance policies and deducts the premium from the yearly contribution resulting in a net donation of \$30,000 to the squad. The municipality also includes partial funding for ambulances in their capital-planning budget.

According to rescue squad and HEMSCORP documents, both organizations have had difficulty, covering expenditures with their revenues. The following table outlines the past two-years balance sheets:

### **Hillsborough Rescue Squad**

<b>Fiscal Year</b>	<b>Revenue</b>	<b>Expense</b>	<b>Excess/Deficit</b>
1997	\$248,660	\$189,757	\$58,903
1998	\$227,076	\$242,855	(\$15,779)
<b>1998 Fund Balance</b>			<b>\$133,865</b>

### **HEMSCORP**

<b>Fiscal Year</b>	<b>Revenue</b>	<b>Expense</b>	<b>Excess/Deficit</b>
1997	\$211,898	\$218,430	(\$6,532)
1998	\$122,235	\$155,546	(\$33,311)
<b>1998 Fund Balance</b>			<b>\$60,908</b>

Neither the squad nor HEMSCORP have a capital reserve fund in place for emergency repairs to the facility or vehicles.

The tables clearly indicate the squad needs to increase revenue. Currently, the squad only bills for services provided during the paid crew shift. A combination of different fund raising techniques and insurance billing for all responses should stabilize and increase the cash position for future needs. According to 1999 response call statistics, HEMSCORP didn't bill for approximately 869 incidents. Using a conservative average billing collection rate of \$200, which is lower than HEMSCORP's actual collection experience, HEMSCORP could have received approximately \$173,800 in additional revenue. This estimate makes adjustments for HEMSCORP's current 83% collection rate.

#### **Recommendation:**

**In an effort to stabilize revenue and create a reserve for capital needs and repairs, it is recommended the rescue squad and HEMSCORP begin billing for all EMS calls for a revenue enhancement of \$173,800. It is also recommended the squad seek alternative fund raising mechanisms to improve revenue income.**

Finally, with a move to bill for all EMS calls, the rescue squad may be able to eliminate its reliance on municipal funds. However, before the township can eliminate its contribution, careful evaluation and analysis will be required to determine if the additional revenue covers the need of an additional crew, loss of fund raising revenues due to billing, and future capital outlay for equipment.

#### **Recommendation:**

**If a program is implemented to bill for all EMS calls and the rescue squad and township determine that future billing will satisfy the financial needs of the squad, it is recommended the township phase out its \$40,000 contribution to the rescue squad.**

**Cost Savings: \$40,000**

#### **Contractual vs. Rescue Squad and HEMSCORP**

In 1998, the fire commission received quotes to provide EMS through a private contractor. The commission sought to determine if transferring EMS services to the commission could provide EMS services to Hillsborough residents at a lower cost. The LGBR team compared the proposal to the rescue squad to determine the least cost. The private vendor proposed charging a user fee of \$165 with additional charges for mileage (\$7), oxygen, and responses for standby (\$20 per hour).

Based on the 1999 summary report of 1,300 daytime call responses, the private contractor would charge approximately \$264,000 not including oxygen and standby services. These costs would be charged directly to the user who would be responsible for paying the bill. This does not include evening and nighttime coverage.



In 1999, HEMSCORP provided EMS services at a cost of \$50,000 to taxpayers; all other funding for the squad and HEMSCORP came from insurance billings and fund raising activities. In addition, the rescue squad and HEMSCORP, unlike the private services, do not bill users the difference of the total service charge and insurance reimbursement.

The fire district's proposal did not address multiple responses and mutual aid covenants, which are very important to EMS operations. Also, if a switch to a private service occurs, the fire district may need to fund rescue equipment for each firehouse.

## **ENGINEERING, PUBLIC WORKS AND PLANNING/ZONING**

In 1996, the township restructured planning, engineering, and public works into one department named the department of engineering, public works. The township engineer, who is a licensed engineer, planner and public works manager, heads the department and oversees the engineering, planning, and public works functions.

### **Staffing**

The engineering office consists of the engineer, three assistant engineers, two engineering aides, and three secretaries. The township often contracts with a private firm for part-time inspectors when the activity level increases. Summer interns are also used on a regular basis.

One of the assistant engineers serves as the township computer systems administrator. This computer work accounts for just a small portion of the assistant engineer's time.

The primary responsibility of the township engineer is supervising all engineering activity, although he has broad responsibilities with respect to public works and planning/zoning. Day to day operations in the planning and public works office are managed by the township planner and the deputy DPW director, respectively. While the engineer has a fair amount of "hands on" activity in these offices, the majority of the work with these departments is supervisory.

The engineer also supervises the zoning officer. Up until September, 1999, the township had a part-time zoning officer. In the 2000 budget, the township committee approved a new assistant supervisor/engineer position. This position would do both engineering and zoning work.

### **Financial**

In 1998, the salary and benefit cost for the engineering office was approximately \$573,140, while other expenses were \$16,081. In addition, \$5,991 in overtime was spent. The total expenditures for the engineering office were \$595,212.

### **Functions**

Engineering both assists and protects the public by means of guidance and inspection to ensure that township standards for site work are adhered to, thus promoting the health, safety and welfare of the general public.

The township engineer's office has several primary functions, which are independent but related to the public works and planning functions. One of the specific goals of the engineering reviews and inspections is to see that drainage problems are not created from new construction projects. Other functions include in-house design of all roads, storm sewers, dredging and parks, site plan reviews, review of planning board applications, managing capital projects for the township, surveying land for capital improvement projects, managing construction projects and notifying developers of problems, and responding to complaints. The office also maintains and updates all township tax maps. The township is in the process of digitizing all tax maps. This project is being done in-house and approximately 80% of the tax maps are digitized with hopes to link the maps with the township's web site.

**The township is commended for digitizing its tax maps and is urged to continue with its plans to link with its web site.**

#### **“One-Stop” Permit**

There is a perception that Hillsborough does not treat its residents properly with respect to applications and permits reviewed by the engineering, planning/zoning, and Uniform Construction Code (UCC) offices. Critics contend the township makes the process difficult and that the time to process a permit or application is quite long.

While LGBR was unable to ascertain whether this perception is justified, LGBR believes that there is room for improvement with the processing of permits and application.

The township had implemented a “One-Stop Permit” process to streamline the permit and inspection processes required by the engineering, planning and building departments. A summer intern developed a computer program using database software. According to township officials, the process worked very well, allowing each department to track the status of specific permits and projects. The process, however, was stopped due to UCC regulations.

LGBR reviewed this program and believed it to be an efficient process, which requires further investigation by the township.

#### **Recommendation:**

**The township is commended for implementing this efficient program. It is recommended the township contact UCC officials at the Department of Community Affairs (DCA) and sees if there is an acceptable way to use this program.**

## **PUBLIC WORKS**

The department of public works is under the department of engineering, public works and planning. Subdivisions within public works include the streets and roads functions, buildings and ground functions, and the parks and open space functions.

The structure of this department was recently changed due to the retirement of the supervisor of public works. Under the revised structure, the township engineer serves as the head of public works and is also head of the planning and zoning division. The deputy director of public works is in charge of the daily work functions.

As in any small department, DPW employees have multiple responsibilities. This operation is vast in scope yet moderate in scale. This results in some underutilization of equipment. In the continuing effort to economize, the municipality should look to expand cooperative efforts with other municipalities. Overall, the department is well-organized and efficiently run.

### **Staffing**

In 1998, the DPW had 30 employees, the deputy director, three assistant supervisors, three mechanics, four equipment operators, eighteen laborers, and one secretary. The DPW staffing level at the time of our review had increased to 34 employees.

### **Financial**

In 1998, the public works department expended \$2,149,105 for salaries and benefits and \$895,925 in other expenses. An additional \$29,025 was spent in overtime.

An analysis of the various functions of the DPW and the estimated cost of these functions are located in Appendix D. The functions were obtained from interview, observation and available records. All workers' salaries and benefits are calculated as an average for workers, with a separate average for direct supervision. Direct supervision and other expenses are prorated equally based on staff days devoted to all categories of work except vehicle maintenance where detailed records for other expenses were available. Other expenses do not include utility costs. The following schedule of work performed does not include summer workers or overtime. Overtime was \$29,025 and is attributed to emergency events.

### **Facility**

The municipal garage is located on South Branch Road. This facility is both the operations center and maintenance garage. The maintenance garage is approximately 20 years old. Materials, some equipment and several vehicles are stored outdoors in the facility area, while most vehicles and smaller equipment are stored indoors.

### **Functions**

There are five primary operational areas assigned to the department: 1) road construction and repair, 2) vegetative waste functions, 3) parks maintenance, 4) vehicle maintenance, and 5) buildings and grounds maintenance. While there are always subsidiary missions in any public works department, these are the main categories of work in Hillsborough's DPW. The main areas of subsidiary/seasonal requirements are snow removal, street sign and line repair and replacement, street sweeping and catch basins, and roadside and under-street drainage cleaning and repair.

The township does not provide garbage collection services to its residents. Each property owner contracts directly with private vendors for this service. Somerset County does collection of recyclable materials at a rate of \$23.85 per household per year. Based upon previous LGBR reviews, this service by the county is a cost-effective manner to provide recycling collection.

### **Work Load Analysis**

The department keeps daily work assignment records that account for personnel and their assignments. These records are manually kept and were in a format that was very cumbersome to analyze. An analysis of the many functions was determined only after extensive compilation of data. This analysis can be seen in Appendix D.

It would be more useful, as a management tool, if a work order system, preferably computerized, was used and work records were kept in major categories with an appendix for pertinent information needed by municipal officials.

A work order system would allow the township to document the actual cost for material and labor (including benefits and overhead) to perform either scheduled or emergency work. This would then allow for the costs of various municipal services performed to be properly compared to outside contractors. The cost effectiveness could then be more accurately calculated to determine the most efficient method to accomplish each task. This operation, though well managed, could benefit from detailed records and their use as a management tool in tracking unit cost.

A properly managed system would link work orders to an inventory control/reorder process; affix material and manpower cost to individual work orders; set priorities, plan and schedule work; provide regular reports on resource allocation; and provide a management tool to support staffing needs, and resource allocation.

LGBR believes that the township should implement a personnel computer (PC) based, work order processing system and invest in the appropriate staff training to implement and support such a system. There are several such packages available on the market that are specific to school applications. There are also programs available using standard PC software programs, which can be obtained for little or no cost.

### **Recommendation:**

**It is recommended the township develop a comprehensive work order and record keeping system to track all major work categories and the time and material spent on these tasks. It is recommended that the municipality implement a computer system and appropriate software, to track unit cost in all areas of public works and vehicle maintenance.**

**One-time Value Added Expense: \$4,500**

## Street Sweeping

Street sweeping is seldom a cost-effective operation due to the time required to perform each revolution, the cost of the equipment, and the low number of times it is used. It is more capital intensive than other street and road functions due to the cost of street sweeping equipment. To be cost-effective, a street sweeper must be used every day that weather permits.

A street sweeper travels approximately 2.5 miles per hour and can sweep approximately 7.5 street miles per day. Thus, one sweeper can sweep up to 1,950 street miles per year, under optimum weather conditions. Hillsborough work records indicate that the street sweeper was used only 63 days in 1998. Records of miles swept were not available. From interviews conducted, the estimated number of miles swept ranged from 220 to 410 annually.

The street sweeper currently in use is more than 11 years old and in need of replacement. The estimated cost for a new street sweeper including debt service is approximately \$159,250 for a 10-year asset or approximately \$15,925 per year. Vehicle maintenance and replacement brooms and parts would be another \$4,592 annually, plus the cost of an operator and direct supervision at 1998 cost of \$14,457 for the 63 days of use. Below is a chart totaling the estimated street sweeping cost.

Annual Sweeper Cost	\$15,925
Vehicle Maintenance and Parts Cost	\$4,592
Personnel Costs (Based on 1998 figures)	<u>\$14,457</u>
<b>Estimated Annual Street Sweeping Cost</b>	<b>\$34,974</b>

Using 410 annual miles swept, the cost per mile is \$85.41. Other municipalities in Somerset County spend \$35 to \$45 per mile annually for this service. Sweeping contracts range from \$40 to \$90 per street mile. For example, the Borough of Ringwood outsourced its street sweeping operation for a contract price of \$46.25 per street mile.

Hillsborough should consider contracting for street sweeping services with a private vendor or another municipality. If the township could contract with a private vendor, with another municipality, or even the county, to sweep the approximately 410 miles that were swept in 1998, at \$45 per mile the savings would be \$11,960 annually.

## Recommendation:

**It is recommended that the township consider contracting for street sweeping services with a private vendor or another municipality.**

**Cost Savings: \$11,960**

## Vegetative Waste

The department spent 549 staff days collecting brush and leaves. There are no records kept of the tons or yards collected. The department dumps the leaves on a farmer's field, with the

farmer's and DEP approval, at no charge to the taxpayers. The market cost for leaf disposal is approximately \$4 per compacted cubic yard. It is estimated the township was able to save approximately \$11,000 in disposal costs.

**The township is commended for disposal of leaves at no cost to the taxpayers.**

Some municipalities and counties have encouraged the on-site composting of vegetative waste by providing at-cost compost bins for homeowners. While the total elimination of leaf removal operations is not possible, LGBR encourages efforts to curtail the leaf collection operation. If residents participated in on-site composting so that fifty-percent of the leaves would not have to be removed, the municipality would realize a productivity gain of approximately \$37,324.

There would be a cost to provide compost bins to residents. The approximate cost for compost bins are \$70 per bin. Some municipalities subsidize some or the entire cost of the bins, while other municipalities supply the bins to residents at cost. Studies have shown that communities that have their residents pay for a portion of the bins have better participation rates. It is suggested that the township charge residents \$35 per bin. The approximate cost to provide bins to half of its 10,000 households is \$175,000.

Similar composting studies have shown that communities with backyard compost programs gain more than \$3.50 in direct, quantifiable benefits for every dollar invested in the program. The bins are, for the most part, a one-time expense that would not occur year after year, while the productivity enhancement would recur annually.

**Recommendation:**

**It is recommended that the township consider promoting and implementing on-site composting of vegetative waste by homeowners.**

**Productivity Enhancement: \$37,324**  
**One-time Value Added Expense: \$175,000**

**Vehicle Maintenance**

Repairs and preventative maintenance to all municipal vehicles including police and administrative department vehicles are done in-house by the DPW. There are 91 vehicles or specialized equipment apparatus repaired by the DPW. Vehicles are well-maintained and preventive maintenance is regularly done. Hillsborough does a higher level of maintenance than most municipal vehicle repair operations and a good level of maintenance availability, which is the time a vehicle is available for use due to the speed at which maintenance is performed.

Three full-time employees staff vehicle maintenance: a mechanic supervisor and two mechanics. In 1998, the salary and benefit cost for maintenance of this fleet is \$163,104, and other expenses to include parts, extended warranties and market place repairs are \$128,407.

The average cost per vehicle to maintain the township's vehicles is \$3,203 and is above the average marketplace cost per vehicle of \$2,700 for a fleet of 125 or larger. However, the Hillsborough DPW fleet is smaller and the department actually does a higher level of maintenance, such as parts fabrication and component rebuild, than most maintenance operations.

### **Vehicle Equivalents**

“Vehicle equivalents” is a method to determine the staffing level needed to maintain vehicles. It was developed by the US Air Force and is recognized by various fleet management consulting groups as one of the best guidelines for analyzing staffing levels. This method determines the average hours of maintenance and repair a vehicle requires and translates those into vehicle equivalents. For example a passenger vehicle requires approximately 17.5 hours of work per year, while a trash compactor requires 136 hours of work per year, which would be eight times the work of a passenger vehicle or a vehicle equivalent of eight.

Based on the number of vehicles, age and estimated maintenance requirements, excluding miscellaneous equipment, Hillsborough’s 91 vehicles have an approximate vehicle equivalent of 341.5 vehicles.

A vehicle equivalent ratio is determined by using the number of available mechanic hours. A full-time mechanic has 1,721 hours. This figure is calculated by reducing the 2,080 hours, which are the annual hours under a 40-hour work week, by the average number of vacation days (15), holidays (15), sick days (8.5), personal days (2.5), and bereavement and other miscellaneous days (3.75). The available hours (1,721) are divided by the maintenance requirements for one passenger vehicle (17.5 hours) to determine the industry standard vehicle equivalent ratio of approximately 98.32 vehicle equivalents per mechanic.

Hillsborough has one head mechanic and two mechanics equal to three mechanics and the township’s fleet of vehicles has a vehicle equivalent of 341.5. Thus, the township has a vehicle equivalent ratio of 113.83 vehicles.

### **Fleet Maintenance Analysis**

The maintenance of the fleet is split as some repairs are sent to private vendors depending on the nature of the repair, and the expertise and tools required for the job. Most required parts are purchased as needed; a small inventory of commonly used parts are kept in the inventory.

In 1998, in-house costs directly attributed to the three mechanics were \$163,104 for salaries and benefits and \$128,407 for outside vendors and parts, for a total of \$291,511. This is an average annual cost per vehicle of approximately \$3,203.

Repair orders in the traditional sense do not exist and the maintenance records for an operation such as Hillsborough’s are insufficient. Information such as actual hours, standard hours, repair codes, parts dispensed and costs are not recorded. Without this data vehicle maintenance cost per vehicle is hard to determine and must be based on averages rather than cost per hour.

Collecting and analyzing data based on billable hours will allow management to measure the performance of DPW mechanics against industry benchmarks and compare the DPW operation against the private sector to determine the cost effectiveness of the operation.

**Recommendation:**

**The vehicle maintenance operation, while cost effective for its size and expertise, should continually strive to lower the cost per vehicle. It is recommended that the municipality invest in a computer system for public works to include fleet maintenance software.**

## **BUILDINGS AND GROUNDS**

The cleaning of the municipal complex and streets and roads offices is contracted to the private sector for \$56,000 per year. The cleaning square footage of these facilities is 73,400. This is less than \$.77 per square foot and is cost-effective.

**The township is commended for its cost-effective cleaning function.**

### **Space Assessment Study**

During our fieldwork, township officials indicated that space in the municipal complex was an important issue with many departments starting to outgrow their offices. The complex, which was built in 1991, houses most municipal departments except for the DPW. In response to the space issue, LGBR has conducted a study of space in all departments within the municipal complex including the board of education and the library.

This section of the report summarizes the findings of our study. The detailed study for the township and each department was given to township officials as a separate report.

### **Overview**

The Hillsborough Township municipal complex serves as the administrative facility for township operations, as well as a center for community-based and senior citizen activities and programs. The observed general condition of the facility is good to excellent, given the level of scheduled activity and subsequent wear and tear on the building.

Through lease arrangements, the township also provides space for a branch operation of the Somerset County library and the administrative offices of the Hillsborough Board of Education.

The building contains 76,559 gross square feet of space including corridors and restrooms and 66,495 net useable square feet. The “net to gross” ratio of the facility is quite efficient with only 13% of the total building space dedicated to common areas. The following table summarizes the current net utilization of the facility:



**Hillsborough Municipal Complex  
Current Space Utilization**

<b>Agency</b>	<b>Net Useable Square Feet</b>
Township Operations	41,505
Board of Education	7,134
Branch Library	17,856
<b>Total</b>	<b>66,495</b>

As indicated, the township occupies approximately 62% of the net available space in the building for its administrative operations including two large multi-purpose rooms, the court room/township committee chambers, and an on-site file storage room. The branch library occupies approximately 27%, and the board of education occupies approximately 11%.

**Cost of Building Operations**

Cleaning services are provided by an outside contractor for all space except for the board of education, who provides its own cleaning services. HVAC maintenance is also contracted out. The township's public works staff performs routine maintenance and repairs to the facility.

However, the current system of receiving and assigning work/work orders does not provide an allocation of labor and material cost to individual work orders or cost centers.

In addition, public works staff is utilized to set up two large multi-purpose rooms each afternoon for scheduled evening events. The board of education custodial staff normally provides morning set up although public works will do it occasionally.

Accordingly, for analysis purposes, \$14,300 per year is estimated for annual maintenance cost of the municipal complex based upon \$9,300 per year for labor (10 hours per week at \$17.88 per hour, the average rate for public works staff including benefits), and \$5,000 per year for materials and supplies. Utilizing this estimate for maintenance, and known 1998 cost data for other expenses, the following table summarizes the township's costs to operate the municipal complex:

**Hillsborough Municipal Complex  
Approximate Cost of Building Operations  
(76,559 Total Square Feet)**

<b>Category</b>	<b>Annual Cost</b>	<b>Cost per Square Foot</b>
<i>Operating Expenses</i>		
Natural Gas	\$3,396	\$0.04
Electric	\$128,425	\$1.68
Water and Sewer	\$6,491	\$0.08
Custodial Services*	\$54,804	\$0.72
HVAC Contract	\$8,980	\$0.12
Maintenance	<u>\$14,300</u>	<u>\$0.19</u>
<b>Sub-total</b>	<b>\$216,396</b>	<b>\$2.83</b>
<i>Debt Service</i>	<u>\$541,000</u>	<u>\$7.07</u>
<b>Total</b>	<b>\$757,396</b>	<b>\$9.89</b>

\*As noted earlier, the board of education provides its own cleaning services which cost is not included in this analysis.

As indicated, the township spends approximately \$2.83 per square foot for utilities and services and \$7.07 per square foot for annual debt service, for a total of \$9.89 per square foot for full service operations of the complex. These rates compare quite favorably to both private and public sector operating expenses, and full service leasing costs, in the region.

**The township is commended for cost effectively providing a clean and well-maintained facility through a combination of in-house and contracted services.**

### **Work Order System**

As indicated above, the township does not maintain an effective work order system to track, schedule, assign, and plan facility or other public works related work. In municipal applications, a work order process can easily integrate the manpower demands of buildings and grounds, roads, and other public works responsibilities. It can also provide regular reports to management and citizens on the status and prioritization of open work orders. **(Also see public works.)**

The township could either purchase or internally develop a simple computerized work order system to meet these goals.

### **Recommendation:**

**It is recommended the township implement a PC based work order process for the planning and scheduling of facilities (and other public works) activities.**

### **Branch Library and Board of Education Occupancy**

The township has a 10-year lease agreement with the board of education, which expires in 2001. Under the terms of the lease, the board occupies the municipal complex rent-free. The township is responsible for utilities, maintenance and building repairs. The board is responsible for providing its own cleaning services and all interior renovations and improvements.

There is no agreement in place that codifies the branch library use of space in the municipal complex. There was an agreement executed in 1975 but it precedes occupancy of the current municipal complex, and the terms were specific to the then current leasehold. The library also occupies the municipal complex rent-free. The township is responsible for all utilities, maintenance, cleaning and building repairs.

The following table summarizes the township's annual subsidy to provide facilities for these programs:

#### **Hillsborough Municipal Complex Township's Direct Cost to Provide Leased Space**

	<b>Square Feet</b>	<b>Cost per S.F.</b>	<b>Annual Cost</b>
Board of Education*	7,134	\$9.17	\$65,419
Branch Library	17,856	\$9.89	\$176,596

\*The board of education provides its own custodial services.

As indicated, the space provided to the board of education and branch library has a direct cost to the township budget of \$65,419 and \$176,596 respectively.

Based upon ease and convenience, having these programs in the municipal complex provides a benefit to township residents. However, it is important for public officials to understand the quantitative value of that benefit. In addition, there are several space issues within the complex (to be presented in the following section) that may require decisions from township leadership over the next several years. The identification of these fixed costs should help provide a framework for evaluating the economic impact of the available options.

In addition, given the magnitude of this annual subsidy, it is important that the township and the Somerset County Library negotiate and execute a lease agreement and adopt resolutions to codify this occupancy.

### **Recommendation:**

**It is recommended the township and the Somerset County Library negotiate and execute a lease agreement covering the branch library's occupancy of the municipal complex building.**

### **Space Utilization**

To determine the adequacy of the complex to meet current and future program needs, a three-step process was initiated to:

1. Evaluate current usage against industry standards to establish any existing over-or under-utilization of space.
2. Interview administrators and program directors to establish areas of future program growth or decline.
3. Match current use with future need and identify options.

The State of New Jersey has established space standards that are utilized statewide for administrative offices and special use facilities through a space planning request (SPR) process. The SPR identifies a square footage allocation for all categories of employees from department heads to clerical titles, equipment (file cabinets, machine operations, etc.) and all support spaces (conference rooms, reception areas, storage, etc.).

It also provides an opportunity to identify any and all special space requirements. A circulation factor is applied where appropriate so that "net need" can be compared to "net available." As identified earlier, the Hillsborough complex contains 66,495 square feet of net useable square feet. The building common areas are excluded from the analysis.

Following a physical inspection of each department and interview(s) with the director or his/her representative, the review team for each township office and the board of education developed an SPR. The review team also consulted with the LGBR Hillsborough School Review Team to assist in the board's space analysis.

To establish the current and future needs of the branch library, the review team utilized *A Space Needs Assessment for the Somerset County Library System, Hillsborough Branch Library*, prepared by Library Development Solutions (Princeton Junction, NJ) and Arcari & Iovino Architects (Edgewater, NJ), dated November, 1997.

The following chart summarized these findings:

**Hillsborough Municipal Complex  
Current and Projected 5-Year Space Needs**

	<b>OCCUPIED</b>	<b>CURRENT</b>	<b>CURRENT</b>	<b>5-YEAR</b>	<b>5-YEAR</b>
	<b>SQ. FT.</b>	<b>NEED</b>	<b>STATUS</b>	<b>NEED</b>	<b>STATUS</b>
Township Operations	41,505	39,374	2,131	40,645	860
Board of Education	7,134	7,459	(325)	9,443	(2,309)
Branch Library	17,856	21,296	(3,440)	24,500	(6,644)
<b>Building Total</b>	<b>66,495</b>	<b>68,129</b>	<b>(1,634)</b>	<b>74,588</b>	<b>(8,093)</b>

As indicated, the township has adequate available space for its current and future (five-year) needs based upon current anticipations of population and program growth. This is not to say that all departments have “exactly” the amount of space that they need. Some have a little too much, some too little, but all have enough space to meet their program mission. (Individual department SPR documents and summaries were provided to the administrator for the township’s use in future space planning.)

However, improvements could be initiated to improve space utilization efficiency involving record management and retention. All departments have an excess of files and file cabinets within their space. The township clerk has initiated a coordinated effort to develop a records management program with a consortium of Somerset County municipalities and the State of New Jersey Division of Archives and Records Management.

**The township is commended for this initiative.**

Most departments have an excess of files and file cabinets within their space and there are several departments that require assistance to provide immediate relief from some minor overcrowding created by these conditions, most notably the departments of building and fire safety. Even though the township has a 3,200 square foot storage room on-site and sub-divided into cages for each department, there is inconsistent use of this resource.

The excessive use of file cabinets in office areas comes at a price. For example, based upon the space analysis performed, approximately 3,700 square feet of space within the building (outside of the storage room) is occupied by standard file cabinets. At a rate of \$9.89 per square foot, this costs the township over \$36,000 per year. By reducing the number by one-third, 1,200 square feet space would be made available for between 5-10 additional staff.

The building department currently has over 70 standard three-and four-drawer file cabinets within its space. The township should initiate a coordinated effort to inventory, sort and relocate non-essential records to the storage room to provide additional space for building and fire safety staff.

In addition, the use of systems furniture should be considered to provide a more efficient and professional work environment within the building/fire safety area. In a separate report, the review team provided township administration with several alternative design schemes (and budgets) using systems furniture including the introduction of lateral files to replace standard upright cabinets to improve efficiency in this area.

The review team would also recommend the introduction of systems furniture (on a more limited basis) to improve efficiency in the departments of health and recreation. Systems furniture can be purchased off State of New Jersey Cooperative Purchasing contract for an estimated \$3,200 per workstation and \$600 per five-drawer lateral file cabinet, and \$350 for three-drawer. Lateral file cabinets can replace standard upright files on a two to three basis.

### **Maintaining Current Occupancy**

If the public policy to provide services out of the existing municipal complex is to continue, the township should consider alternative means to meet this goal. The cost effectiveness of using systems furniture to improve efficiency and avoid (or reduce) capital expenditures is well documented. For example, the township board of education currently occupies approximately 7,200 net useable square feet with a staff 59, or 120 square feet per person. Normal standards would prescribe 200 gross square feet per-person for standard office design, versus 120 square feet per-person for systems furniture applications. Accordingly, for an investment of \$500,000 (\$300,000 for systems furniture and \$200,000 for basic building renovations), the board could be accommodated in its current space. In contrast, the cost to design and construct new space for the board is estimated at \$1.3 million (59 people x 200 sq. ft. per person x \$110 per square foot for new construction).

The cost of renovations/furniture to improve efficiency may also be at issue when considering options for library expansion. As reported in the *Library Development Solutions* report, the branch library may have a need for an additional 3,000-7,000 square feet. At \$110 per square foot, a capital expenditure of \$330,000-\$770,000 would be required. In contrast, renovations to existing space at an industry rate of \$50 per square foot would cost between \$150,000 and \$350,000.

## **PLANNING**

Planning and development in the Township of Hillsborough remain the most critical issues to its residents. Many people feel that the township has not been properly planned, citing the growing level of traffic and taxes resulting from a significant increase in residential development the last 15-20 years.

The township is also experiencing growing pains as the population has almost doubled in the last 20 years. This has created a need for additional school space. The township is struggling to retain its rural character and keep taxes at an acceptable level. Most residents also want to control or limit future development.

### **Staffing**

The planning department consists of a full-time planner and a full-time secretary. In 1998, a planning intern was also used for a few months.

The township planner has been employed by the township for 14 years and began as a community development director. When promoted to planner, she was not a licensed planner. At this time, the township engineer, who is a licensed planner, assumed the township planner title. It is also noteworthy that the current health officer is also a licensed planner, and one of the assistant engineers is a licensed planner. The planner is now a licensed professional planner and has been since 1994. At the time of our review, the township had four licensed planners on staff.

Also physically located in this office is the zoning officer, the secretary to the zoning officer, and a part-time business advocate. The business advocate works with the economic and business development commission, and the zoning personnel work for the engineering office.

### **Organization**

In 1996, the township restructured the planning, engineering, and public works department into one department, known as the department of engineering, planning & public works. The township engineer heads the department and oversees the planning division. Planning is now a division within this department.

While the township planner, who reports to the township engineer, is officially responsible for the master plan, writing ordinances, preparing grant applications and maintaining census information, this position functions primarily processing development applications and providing staff resources to planning board committees, as well as the planning board itself, and the township board of adjustment.

The township engineer provides technical assistance, must approve various items and manages all professional service contracts including the current reexamination of the master plan.

Since 1988, the planning staff has been significantly reduced. At that time, there were seven positions in the planning department in comparison to the current staffing level of two positions. Over the years, a number of functions such as recycling, housing rehabilitation, and zoning have been transferred from planning to other departments. In 1992, the part-time assistant planner position was eliminated.

### **Financial**

In 1998, this office spent \$132,528 in salaries and benefits. Other expenses were \$172,064 including approximately \$150,000 spent on consultants for preparation of the master plan. There was also \$1,832 expended in overtime. In 1998, planning expenditures totaled \$306,424.

In addition, the township has spent more than \$198,000 in legal costs to fight litigation brought by developers.

### **Fees/Revenue**

Fees totaling \$63,267 were collected for the planning board and the board of adjustment in 1998. These fees covered 21% of the planning/zoning costs, not including legal costs.

The fee schedules for Hillsborough were last revised in 1991. A comparison of planning fees was conducted using several municipalities including nearby Montgomery Township, Princeton Township, and Princeton Borough. In comparison, Hillsborough's planning fees are consistent with other municipalities.

### **Master Plan**

In September, 1999, the planning board adopted its most recent re-examination report in preparation for a major revision of the master plan in the year 2000. The previous major re-examination was conducted in 1994. According to N.J.S.A. 40:55D-89, municipalities must conduct a periodic reexamination of their master plan at least once every six years.

The township engineer has taken a lead role with the township planner having a limited role in preparing the master plan. Recent amendments to the master plan have been prepared by outside planning firms contracted and managed by the township engineer.

The reexamination recommends that a community development boundary be defined where the infrastructure exists or can be provided to support future growth and development. A town center core would be planned within the community development area.

### **Planning Board**

The planning board consists of 11 voting members including nine regular members serving four-year terms and two alternate members serving two-year terms. Members include the mayor, one township committee member, one township official other than a township committee member, and eight public members appointed by the mayor.

The planning board has three meetings a month: a public hearing meeting, a work meeting and a business meeting. Additional meetings are scheduled as necessary.

### **Planning Board Attorney**

The planning board attorney is retained under a professional service agreement, which is renewable annually and runs from January 1<sup>st</sup> to December 31<sup>st</sup> of each year. Under the terms of this agreement the planning board attorney is required to:

- 1) advise the board regarding administrative and case law;
- 2) prepare resolutions;
- 3) cooperate with township attorneys;

- 4) attend scheduled meetings of the planning board; and
- 5) perform additional legal services as may be required by the chairman or a majority of the members of the board.

The attorney is paid \$500 per meeting. The legal fee for preparation of resolutions is charged directly to the escrow accounts established by the applicants. All other legal services are compensated at an hourly rate of \$110 per hour. The agreement does not contain any provision that would limit the amount the attorney could receive in a given year.

According to the planning board's 1998 annual report, attorney fees were \$13,868 and litigation expenditures were \$3,000 totaling \$16,868.

The meeting fee of \$500 seems high compared to other municipalities reviewed by LGBR, although Hillsborough has a higher level of planning activity than most other municipalities. The township might benefit by soliciting Requests for Proposals (RFPs) from prospective planning board attorneys on a regular basis.

### **Recommendation:**

**It is suggested that the township solicit RFPs from interested law firms every two or three years to ensure the legal services and rates are competitive and appropriate. The contract and the appointing resolution should have a cap, or an amount that should not be exceeded. According to N.J.S.A. 40A:11-15, contracts for professional services, such as legal services, cannot be made for periods of more than 12 consecutive months.**

### **Board of Adjustment**

The board of adjustment consists of nine voting members including seven regular members serving four-year terms and two alternate members serving two-year terms. Unlike the planning board, the membership to the board of adjustment cannot be an elected official of the township or an official employed by the township. However, the township committee does appoint a liaison from its ranks to participate on the board as a non-voting member.

The board of adjustment meets once each month.

### **Board of Adjustment Attorney**

The board of adjustment attorney is retained under a professional service agreement, which is renewable annually and runs from January 1<sup>st</sup> to December 31<sup>st</sup> of each year. Under the terms of this agreement the attorney's duties are to:

- 1) advise the board regarding administrative and case law;
- 2) prepare resolutions;
- 3) cooperate with township attorneys;
- 4) attend scheduled meetings of the board; and
- 5) perform additional legal services as may be required by the chairman or a majority of the members of the board.



The attorney is paid \$500 per meeting. The legal fees for preparation of resolutions are charged directly to the escrow accounts established by the applicants. All other legal services are compensated at an hourly rate of \$95 per hour. The agreement does not contain any provision that would limit the amount the attorney could receive in a given year.

In 1998, approximately \$4,950 was expended in attorney fees, which represents approximately 64% of the total expenditures of the board of adjustments. The total expenditures were \$7,771 in 1998.

The meeting fee of \$500 seems high compared to other municipalities reviewed by LGBR, although Hillsborough has a higher level of construction activity than most other municipalities. The township might benefit by soliciting Requests for Proposals (RFPs) from prospective board of adjustment attorneys on a regular basis.

### **Recommendation:**

**It is suggested that the township solicit RFPs from interested law firms every two or three years to ensure the legal services and rates are competitive and appropriate. The contract and the appointing resolution should have a cap, or an amount that should not be exceeded. According to N.J.S.A. 40A:11-15, contracts for professional services, such as legal services, cannot be made for periods of more than 12 consecutive months.**

### **Boards/Committees**

Planning staff provides assistance to various boards, commissions, and committees within the township and includes the historic preservation commission, the environmental commission, the open space advisory committee, and the capital planning committee. There are also several subcommittees of the planning board such as the joint site plan subcommittee, the development review subcommittee, the planned adult community subcommittee, and the land use subcommittee.

At the time of our review, the township was forming a Transfer of Development Credits Committee to identify properties that would be eligible for the transfer of development rights from areas recommended in the master plan for conservation/open space to areas designated for higher densities.

In 1998, the environmental commission expended approximately \$1,500 from its \$2,000 budget and the historical commission did not spend any of its \$200 budget. Other boards, commissions, committees and subcommittees do not have budgets.

### **Workload**

Between 1987 and 1998, the planning board received approximately 700 applications for development and gave preliminary approval to 2,173 residential lots, while only 38 non-residential lots were approved. At its highest peak during the late 80's and early 90's, the planning board was receiving approximately 65 applications for development each year. In the last five years, approximately 40 applications per year have been received.

Final approval of these projects, on average, takes more than two years from the date of preliminary approvals. For example, 94 lots approved in 1998 were still pending final approval at the time of our review in January, 2000. According to township officials, residential development was increasing at a rate of approximately 300 new units per year.

At the time of our review, the planning board had a significant backlog in reviewing applications. According to planning staff, the current process requires approximately two and half years to review, approve/deny, and complete a prospective development project. According to township officials, the number of committees and subcommittees that review the applications significantly increases the time needed to process an application.

### **Recommendation:**

**It is recommended the township review the committee and subcommittee review process and attempt to streamline the process.**

### **Online application/permit process**

The township clerk and township engineer have expressed an interest in putting the engineering, planning and building department permit and application process online through the township's web site. Upon completion implementation of this project, planning staff, especially the business advocate, should be freed to help navigate business owners through the application/permit process.

**The township is urged to develop this project which should benefit township staff and residents.**

### **Non Residential Development**

As the planning board statistics indicate, development in the township has primarily been residential. The planning board approved almost 3.8 million square feet of non-residential development during the period between 1987 and 1998. Of this total, only 1.1 million had either been built or was under construction as of December, 1998. From 1996 through 1999, the number of residential lots increased by 733 at an average assessed value of \$266,000 per lot, while the 22 non-residential lots had an assessed value of \$750,000 per lot. The non-residential lots generally have a lesser impact on the cost of municipal services, especially school services.

One reason for the lack of commercial development has been the township's road infrastructure. The primary road into the township is Route 206, which is largely a single lane through the township and is highly congested. During our review, a New Jersey Institute of Technology report concluded that Route 206 is a contributor to enough log jams to equal more than 74 hours per year of delay for every licensed driver in the Somerset County area. This was by far the highest statewide.

A new highway has been proposed and approved by the State of New Jersey to help alleviate the traffic flow on Route 206. This road, known as the “Route 206 Bypass,” would greatly improve the movement of traffic through the major commercial area of the township and might attract non-residential development, although there will still be infrastructure concerns to address.

**Recommendation:**

**It is recommended the township identify and pursue non-residential development, which fits best with the nature and infrastructure of the community. Non-residential development generally has a positive impact on the stabilization of taxes. Due to the desire to retain its rural character, the township may wish to consider and pursue recreation-related ratables.**

**Business Advocate**

In 1994, the township created the part-time position of “business advocate” to attract business and to serve as liaison to business community. This position, while not in the planning department, is physically located in the planning office. The business advocate is identified on the township organization chart and does not officially report to anyone.

At the time the position was created, it had an annual salary of \$10,000. In 1998, the costs of salary and benefits for the business advocate were \$24,980. Other expenses were approximately \$32,377. The funding for the business advocate position is in the budget for the industrial commission.

The business advocate has done a considerable amount of work developing strategies to recruit viable businesses into the township. Unfortunately, none of these initiatives have been pursued and implemented by the township committee.

Based upon a review of the meeting minutes of the business and economic development commission, it appears that the township has developed a reputation of not being business friendly. According to township officials, business development opportunities have been lost and business owners complain about the building permit application and approval process. Much of the business advocate’s time was spent helping business owners through the application and permit process within the planning and building departments.

In early 2000, the current business advocate left employment with the township. The township administrator has taken over the business advocate duties.

**Recommendation:**

**It is recommended the township review the purpose of the business advocate position to establish the mission of the position. If the township truly wants to pursue viable commercial developments, this position should be given the proper support. If the township does not want to pursue viable commercial developments, the position should be eliminated.**

There are two projects which the business advocate had developed/promoted involving two federally owned parcels of land that are currently receiving a lot of interest from developers. These parcels include a 165-acre U.S. Veterans' Administration (VA) owned parcel and an 800-acre General Services Administration (GSA) parcel formerly used as a motor pool for military vehicles.

For whatever reasons, these two ventures were never discussed with the township committee and thus did not progress. The USVA proposal involved seeking private entrepreneurs to lease existing building on the property for office/business space. The township would be involved along with the VA and could have possibly received up to \$1 million in annual revenue from this venture, if the project reached its maximum potential.

Regarding the GSA parcel, the township was contacted by a party interested in building an energy generating plant and constructing a multi-purpose recreational and cultural center on the 800 acres. Although there were problems involving contamination on this site, the interested party was willing to remediate the site.

Attempts by the business advocate to get the township involved in these projects were unsuccessful. According to township officials, the township committee did not formally review these proposals.

#### **Recommendation:**

**It is recommended the township committee, at the very least, formally review proposals which could provide the township with new revenue sources. The township committee should investigate potential ratables thoroughly in an attempt to get an adequate mix of residential and non-residential development while still providing the desired quality of life within the township.**

#### **Affordable Housing**

The Council on Affordable Housing (COAH) was created by the Fair Housing Act of 1985 as the State Legislature's response to a series of New Jersey Supreme Court cases known as the Mount Laurel decisions. The Supreme Court established a constitutional obligation for each of the 566 municipalities in the state to establish a realistic opportunity for the provision of fair share low and moderate income housing obligations, generally through land use and zoning powers.

COAH is an administrative and regulatory organization. It does not produce, fund or compel municipalities to expend local funds to build affordable housing. Funding is usually provided by the New Jersey Department of Community Affairs (DCA) through its various housing programs or by the New Jersey Housing and Mortgage Finance Agency (HMFA) using its bonding capabilities or its federal low income housing tax credit allocations. Some municipalities also expend their own funds or utilize bonding resources.

COAH does provide municipalities that choose to enter its process and obtain substantive certification of their fair share plans with an administrative shield from developers' lawsuits.

In the late 1970's, the township committee decreased the residential density throughout the entire township. This action resulted in a number of lawsuits being filed by developers who had lost equity in their land as a result of the rezoning. While the initial lawsuits were settled out of court, the township continues to be embroiled in litigation over residential development. Township officials believe their ability to manage growth has been compromised.

In June, 1998, COAH revoked the township's substantive certification. Thus excluded from COAH's developer lawsuit protection, three developers filed exclusionary zoning lawsuits against the township seeking builder's remedy relief for the construction of approximately 6,350 dwelling units. In September, 1998, the township committee endorsed an amendment to the housing plan element and fair share plan. This was done in an effort to protect the township against builder remedy litigation.

However, at the time of our review, the township had not retained substantive certification from COAH and at least one of the three major lawsuits was being heard in superior court. This project (more commonly known as the Greenbriar Project) is the latest in an ongoing battle to control residential development in the township. The lawsuit involves many parties and is quite complex with many issues to be resolved.

This litigation related to this project has had a significant impact upon the township's budget. In 1998, the township budgeted \$75,000 for legal fees involving the Greenbriar project and actually spent approximately \$198,000 in legal costs to various parties related to this project.

### **Recommendation:**

**It is recommended that the township attempt to regain COAH certification. This will significantly reduce its legal costs resulting from lawsuits with developers. The township should consider applying for a Smart Growth Grant to develop a strategy to regain COAH certification.**

### **Open Space Preservation**

In response to difficulty with controlling the growth of the township, the township committee has taken a very active approach to preserving the rural character of the township and its open space.

In 1996, the township instituted a local open space tax after approval of a referendum. The amount of the tax was \$0.021 per \$100 of assessed valuation. In 1999, the voters approved an increase in the open space tax to \$.041 per \$100 of assessed valuation.

The township set a goal to preserve 2,000 acres before the year 2000 and successfully achieved this goal. A number of parcels of land was acquired through various funding sources including the open space tax, green acres funds, farmland and preservation funds.

**The township is commended for taking action to control development through open space preservation and is urged to continue with this program.**

In essence, the residents have given the governing body a mandate to preserve open space and to control development in town. Residents also want a stable tax rate. In order to achieve this, a mix of residential and commercial development is needed.

The Route 206 Bypass is an opportunity to obtain commercial ratables to help stabilize taxes while maintaining the quality of life desired by residents.

Hillsborough should also consider pursuing recreation-related ratables, which would generate revenue for the township and retain open space. For example, many municipalities have had success pursuing municipally owned golf courses. These courses can be built and operated by a third party with the municipality receiving rent or a percentage of revenues from the third party.

The township should try to build a consensus of the desired direction of the township. Input from residents through forums such as surveys and public meetings could be used. The results of these forums could then be used to address these issues in its master plan, in consultation with the State Development and Redevelopment Plan, and to implement appropriate zoning.

#### **Recommendation:**

**It is recommended the township carefully evaluate and plan development within the municipality to effectuate a community with a desirable and affordable quality of life.**

#### **Township Owned Farms**

The Township of Hillsborough has acquired several farms using funds from the open space tax and other available funds. Currently, the township owns five farms and is a part owner with Somerset County in at least one other property. While one of the properties already has a deed restriction and would not qualify for participation in the State of NJ Farmland Preservation Program, the other township owned farms might be eligible for participation in the State of NJ Farmland Preservation Program.

If these properties were declared eligible to participate in the State of NJ Farmland Preservation Program, it could result in significant one-time revenues being realized for the township.

#### **Recommendation:**

**It is recommended the township pursue available funds for eligible township owned farms in accordance with the State of NJ Farmland Preservation Program through the Somerset County Agricultural Development Committee.**

#### **Smart Growth Grants**

In late 1999, the State of New Jersey began a program known as the Smart Growth Planning Grant to assist municipalities with planning issues and projects. LGBR believes that Hillsborough could benefit greatly from this grant program. This program offers grants to municipalities to help control sprawl or plan development projects.

In its first round of funding, 92 local governments shared \$2.4 million for a variety of projects. Hillsborough did not apply during the first round of funding, but was urged by LGBR officials to pursue funds from this program.

### **Recommendation:**

**It is recommended the township apply for a Smart Growth Planning Grant to help with its many planning related needs, such as implementing its new direction in the master plan, implementing its town center plan, the Route 206 bypass, identifying and addressing COAH issues, and pursuing non-residential development opportunities.**

## **UNIFORM CONSTRUCTION CODE ENFORCEMENT**

### **Staffing**

The department is headed by a construction official with a staff consisting of full-time and part-time subcode officials or inspectors, and four clerical support positions. Full-time employees include four building inspectors, one plumbing subcode official, one electric subcode official, one building subcode official, one assistant building subcode official and three control persons. There are also five part-time employees who include a secretary, two building inspectors, a fire inspector and a building inspector.

At the time of our review, the fire subcode official position was changing. This position was intended to serve as a fire subcode official half of its time and as the township fire official the other half of the time. Recently approximately 80% of the position's time has been spent on Uniform Construction Code inspections. The township and the fire district have decided to make the fire subcode official a full-time position. At the time of our review, the department was advertising for a full-time fire subcode official.

One of the four clerical positions does UCC work part-time and fire safety work part-time. The other three secretaries are doing just UCC functions. While each has a unique function within the department, they are cross-trained and cover for each other when necessary.

The township contracts for elevator inspection services. In 1998, code officials issued one elevator permit at a cost of \$56.

### **Staffing Analysis**

In October, 1999, a staffing analysis conducted by the State Department of Community Affairs (DCA) found the UCC office to be slightly understaffed in building subcode officials and clerical staff. Based on previous DCA staffing analyses, this department has increased from 12 to 20 people during the period from 1994 to 1998.

DCA's current staffing analysis recommends a slight increase in the number of electric subcode and plumbing subcode hours, while an increase of 37 hours and 59 hours is recommended for building subcode and office control/clerical, respectively.

## **Financial**

In 1998, the total salary and benefits cost for this function was \$786,771 and other expenses were \$39,500. An additional \$18,132 was spent in overtime. The total cost for this department was \$844,403 in 1998.

The department generated \$1,221,964 in revenue from fees charged for issuing permits and conducting inspections during this period.

DCA's analysis of the Hillsborough UCC function also reviewed annual financial reports and came to the following conclusions:

- Salaries for non-UCC personnel were charged as UCC salaries, a violation of N.J.A.C. 5:23-4.17 (c) 2. i; and
- Indirect expenses such as utilities and fringe benefits were not charged in accordance with N.J.A.C. 5:23-4.17(c) 2.viii(1)-(8).

DCA corrected the financial record and further concluded that the department had realized a total surplus of \$946,624 within the past three years, for an average profit ratio of 40% per year. This kind of a surplus is in violation of N.J.S.A. 52:27-126a, which provides that fees shall not exceed the annual cost for the operation of the UCC agency. N.J.A.C. 5:23-4.17 (c) provides that UCC revenue is solely dedicated to the municipal costs of enforcing regulations. Based on expenditures represented in the 1998 audit, it appears that the township has been using this surplus to offset the general operating budget. The Department of Community Affairs recommends that profit should not exceed 20% or \$100,000 over a three-year period.

## **Recommendation:**

**The township should review its revenue and expenditures and take the necessary steps to comply with DCA regulations.**

## **Workload**

Annually, the department receives at least 37,500 phone calls, issues approximately 2,500 construction permits, conducts approximately 20,000 inspections, and handles an average of 4,000 personal visits to its office counter.

From 1991 to 1998, the total number of inspections conducted nearly tripled from approximately 7,500 inspections to approximately 21,500. During this period, the department averaged approximately 14,000 annual inspections with a low of 7,545 in 1991 and a high of 21,534 in 1998. In 1998, the number of inspections increased by 42% from 1997. This was the highest annual increase. Below is a chart outlining the inspections conducted between 1991 and 1998.



**Hillsborough Township Building Department  
1991–1998 Inspections**

<b>Year</b>	<b>Building</b>	<b>Plumbing</b>	<b>Electric</b>	<b>Fire</b>	<b>Total</b>
1991	3,891	1,514	1,445	695	<b>7,545</b>
1992	5,943	2,472	2,360	1,021	<b>11,796</b>
1993	7,067	1,959	1,919	861	<b>11,806</b>
1994	8,998	2,429	2,557	1,076	<b>15,060</b>
1995	8,645	2,695	1,896	765	<b>14,001</b>
1996	10,154	3,629	2,360	990	<b>17,133</b>
1997	8,568	3,287	2,392	824	<b>15,071</b>
1998	14,406	3,449	2,654	1,025	<b>21,534</b>
<b>Total</b>	<b>67,672</b>	<b>21,434</b>	<b>17,583</b>	<b>7,257</b>	<b>113,946</b>
<b>Average</b>	<b>8,459</b>	<b>2,679</b>	<b>2,198</b>	<b>907</b>	<b>14,243</b>

### **ISO Rating**

The department received the results of an Insurance Services Office, Inc. (ISO) analysis in March, 1999. ISO is an insurer-supported organization with the primary mission of providing advisory insurance underwriting and rating information to insurers. Insurers may have adopted or may be in the process of adopting an ISO insurance rating program that will provide rating credits to individual property insurance policies in recognition of community efforts to mitigate property damage due to natural disasters. Insurers may use the Building Code Effectiveness Grading Classification as a basis for the credits used.

The ISO program applied credits to new construction within Hillsborough Township that has been issued a Certificate of Occupancy in the year 1998 and forward. ISO rates on a scale of one to five, with one the lowest rating and five the highest rating. ISO rated the department's building code effectiveness grading classification as three for single-and two-family residential property, and three for commercial and industrial property, which is acceptable.

### **State Approved Plans**

Often large construction projects require building plans to be reviewed by a specific state agency in addition to the municipality, which has the final responsibility to approve plans and ensure that the Uniform Construction Code (UCC) standards are met. At the time of our review, there were two major construction projects that were underway, which required state approval of plans before construction could begin. One was an assisted living facility requiring approval from the State Department of Health, and the other was a major addition to the high school requiring approval from the State Department of Education before construction can begin.

Township officials expressed concern over the difficulty in coordinating the plan review with state officials, which has caused significant delays in both projects.

In one of the projects, the township felt that the building plans approved by the state needed more detail such as riser diagrams, schematics or shop drawings for the plumbing portion of the project. In addition, the builder proposed modifications to the state-approved plan. The combination of these factors caused nearly three months of delay in the project.

**Recommendation:**

**It is recommended that township officials work with state administrative and legislative officials in order to streamline the review process for plans needing approval from state agencies.**

**RECREATION**

The recreation office, which is managed by the recreation director, is headed by the township health officer, but functions independent of the health department. The township has both a recreation commission and a parks commission, which also act independently of each other.

**Staffing**

The recreation department staff consists of two full-time staff members and approximately 150 seasonal staff members. The full-time employees include the recreation director and a secretary. In 1998, the township also employed a part-time secretary to fill in for an extended leave of the secretary.

The full-time employees direct and coordinate the recreation programs and manage the day-to-day operations. They are responsible for the coordination of all part-time staff, as well as scheduling all recreation activities, coordination of registrations, setting and collecting fees and evaluating program effectiveness.

The seasonal staff is used to run specific programs. Below is a listing of seasonal positions and the staffing costs for 1998.

**1998 Seasonal Staff**

<b>Title</b>	<b># of Staff</b>	<b>Cost</b>
Assistant Supervisor	26	\$19,591
Instructor	33	\$34,471
Official	9	\$4,489
Playground Supervisor	24	\$48,985
Referee	14	\$7,063
Supervisor	23	\$41,047
Umpire	9	\$3,401
Other Positions	17	\$21,962
<b>Total</b>	<b>155</b>	<b>\$181,009</b>

**Organization**

The township has both a recreation commission and a parks commission. The seven-member recreation commission is responsible for managing recreation programs, and the seven-member parks commission is responsible for the development and maintenance of facilities.

## Programs

The township runs approximately 118 programs and sponsors 21 special events on an annual basis and programs continue to grow. Township recreation programs are organized by seasons. The recreation office provides a brochure, which contains program descriptions, location and fees for each activity.

Girls' softball and spring soccer were two of the most popular programs with over 500 and 300 participants, respectively. Gymnastics also was a popular activity for both the winter and spring, while basketball is also popular all year long. Some of the more unique programs include a Scholastic Aptitude Test (SAT) preparation class and a five-week summer band camp for grades 5 through 9 that culminates with a summer concert.

## Facilities

At the time of our review, the township owned 13 park facilities and was utilizing both public school facilities and private recreational facilities to run its programs. Below is a chart listing the recreation facilities used by recreation programs.

Facility	Activities
High School	Basketball-a-thon Tennis
Middle School Cafeteria	Country Line Dancing Swing Dancing Theatre Dance Lessons Girls Softball Girls & Boys Basketball Volleyball Summer Playground
Hillsborough School Cafeteria	Personal Safety for Girls & Women Baton Training Summer Playground
Municipal Bldg. Senior Room	SAT Preparation Class Photo Memories
Hillsborough YMCA	Aquatic Exercise Swimming Lessons Youth Services Teen Center
Japanese Karate Ctr. Hillsboro Racquet & Fitness	Adult Karate & Self Defense Boys & Girls Karate
Woods Road School	Men's Over 40 Open Basketball Summer Playground
Docherty Park	Middle School Boys Rollerblade Street Hockey Boys & Girls Rollerblade Street Hockey Girls Field Hockey Lacrosse
Municipal Bldg. Soccer Complex	Soccer
Amsterdam School	Gymnastics
Triangle School	Girls Softball Pitching & Catching Clinic
Woodfern School	Summer Playground

Township officials expressed concern regarding the condition of the parks and the ability of the existing facilities to adequately serve the rapidly expanding township recreation programs. Programs are growing and the township has recognized a need to develop additional facilities to accommodate a growing need to improve its facilities. Many of the outdoor facilities are in need of improvements. The township has closed two of its outdoor fields in the past year and may have to close a third field if improvements are not forthcoming. If this third field is closed, township recreation programs will reportedly be severely affected.

In early 2000, the township committee passed a \$526,000 bond ordinance for renovations to several parks and playing fields within the township. The township intends to upgrade township parks and improve maintenance.

Park maintenance is done using DPW staff. For the 2000 budget year, the township added three positions to create a division devoted to maintaining township parks.

### **Financial**

In 1998, the total salary and benefits cost for the recreation office staff was \$95,640. This figure does not include the salary and benefits cost for seasonal staff which was \$181,009. Other expenses totaled \$105,001. The cost of maintaining the parks and recreational facilities by DPW staff was estimated to be \$113,475.

The township utilizes a trust account for revenues received by the recreation department. This account allows the department to use income from programs for the expenses of the programs without affecting the municipal budget. All balances in the trust are carried over to the following year.

In general, the full-time staff expenses and general operating expenses are funded through the municipal budget, while all specific recreation programs, including the seasonal staff, is funded through the trust account.

In 1998, the trust account received \$345,147 in revenue from various program registration fees, while \$496,084 was expended. Thus, the trust fund operated at a \$151,937 deficit in 1998. Fortunately, there was a \$237,000 surplus to offset this deficit. In most years, the trust fund operates with a profit. The deficit occurred because the township purchased two capital items totaling approximately \$150,000 using recreation trust funds.

In past reports, LGBR has promoted a policy for recreation programs to cover 50% of their costs through user/registration fees. Below is a 1998 cost to revenue ratio analysis.

Current Fund Salaries and Benefits	\$ 95,640
Current Fund Other Expenses	\$105,001
Trust Fund Expenditures	\$496,084
DPW Parks Maintenance (est.)	<u>\$113,500</u>
<i>Total Expenditures</i>	<i>\$810,225</i>
<i>Total Revenues</i>	<i>\$345,147</i>
<b>Cost/Revenue Ratio</b>	<b>43%</b>

If the trust fund surplus, which is prior year revenues, was factored into the ratio, the cost to revenue ratio would be 61%.

At the end of each recreation program, the department evaluates each program to determine the cost to revenue ratio. At this time, the level of participation and program costs are evaluated and it is determined whether to modify or eliminate any programs. This process has apparently worked well in controlling the cost of recreational programs within the township.

### **Recommendation:**

**The township is commended for regularly evaluating its recreation programs and covering recreation costs with user fees at an acceptable rate. The township may want to establish a policy regarding the cost to revenue ratio the recreation department should strive to meet.**

## **DEPARTMENT OF HEALTH**

In 1999, the health and welfare department was renamed as just the health department and the welfare office became the office of social services. The health officer, who supervises recreation and social services programs and also serves as recycling coordinator, heads the department of health. The department also oversees animal control functions. Hillsborough also provides health services to the Borough of Millstone through an interlocal service agreement. In 1999, the township received \$6,000 from Millstone.

**The township is commended for sharing health services with Millstone.**

### **Staffing/Organization**

The health department staffing consists of the health officer, a deputy health officer, a sanitarian, and a secretary. The deputy health officer serves as office manager for the department. A part-time inspector position was eliminated in 1998.

### **Functions/Services**

The board of health is required by state law to meet the Minimum Standards of Performance (N.J.A.C. 8:52-1.1 et. seq.) in providing health services and programs to township residents. The minimum standards encompass the following areas:

- **Administration** - includes administrative services, health promotion, public health nursing, and elective emergency medical services;
- **Environmental Health** - includes recreational bathing, camp grounds, youth camps, food surveillance, occupational health, public health nuisance, and elective institutional health;
- **Communicable Disease** - includes acute communicable disease, immunizations, rabies and zoonosis control, tuberculosis control, and sexually transmitted disease;

- **Maternal and Child Health** - includes infants and preschool children, child lead poisoning, improved pregnancy outcome, elective ambulatory health care for children, elective children's dental health, elective family planning, elective obstetrics, and elective school health; and
- **Chronic Illness/Adult Health Services** - includes cancer services, diabetes services, cardiovascular disease services, health services for older adults, elective alcoholism control, elective ambulatory medical care, elective drug abuse control, elective nutrition, elective adult dental health, elective vision, hearing, and speech programs, and elective home health care.

Additional services provided by the township include animal control, social service programs including many programs of senior citizens, and registrar functions, which were previously handled by the clerk's office.

### **Contracted Services**

The department also contracts with a nurse's organization to provide immunizations for adults and children. The department also contracts with a counseling center for referrals of sexually transmitted diseases. A private vendor provides animal control services.

### **Financial**

In 1998, the total salary and direct benefits cost for the health department, not including the social service office, was \$250,400. Other expenses were \$44,675. An additional \$1,889 was paid in overtime. In 1998, the total health department expenses, not including the social services office, were \$296,964. Fees and grants covered approximately 14% of health department expenditures.

In 1998, the health department collected \$32,598 in revenue from fees from registrar and other health functions to include all inspections and licenses issued by the department. In 1998, the township received \$11,246 in Public Health Priority Funding from the state.

The health department revised its fee schedule in 1998 and has a practice of revisiting fee schedules at least every two years.

**The township is commended for regularly reviewing and modifying its fee schedule.**

### **Workload**

The department's workload for 1998 included registrar of vital statistics, health education programs, sanitary inspections, monitoring communicable diseases, maternal and child health services and adult services. The following chart lists health services provided by major categories:

<b>Registrar of Vital Statistics</b>	
- Marriage License Permits	186
- Burial Permit Issued	79
- Certified Copies Made	
• Marriage	258
• Death	814
• Birth	12
<b>Health Education</b>	
- Alcohol Abuse Participants	1,200
- Smoking Prevention Participants	1,370
- Nutrition Participants	253
- Injury Control Participants	191
<b>Environmental Health</b>	
- Food Establishments Inspections	143
- Complaints	237
- Bathing Places Inspections	62
- Campgrounds/Youth Camps	4
Inspections	
- Dog Kennels (pet shops) Inspections	11
- Animal Bite Investigations	46
<b>Communicable Diseases</b>	
- Reportable Diseases	18
- Immunizations	62
- Sexually Transmitted Diseases	48
<b>Animal Control</b>	
- Dog Licenses Issued	2,887
- Animal Bite Investigations	46
- Dog Vaccines	124
- Cat Vaccines	120
Maternal & Child Health	459
<b>Adult Health</b>	9,201
<b>Other Activities</b>	251
<b>Total</b>	<b>13,760</b>

### **Animal Control**

The township contracts with a private vendor to provide animal control services throughout the township. Under the terms of the contract the vendor is responsible for:

- 1) making periodic canvasses and inspections throughout the township for the purpose of picking up stray cats and dogs;
- 2) setting humane cage traps for unapproachable cats or dogs;
- 3) providing free ambulance service for residents unable to transport their sick or injured dogs or cats;
- 4) picking up small injured wildlife immobilized due to injury or illness;
- 5) sheltering, caring for and disposing of dogs and cats and retain; and
- 6) keeping and maintaining accurate records of licensed and unlicensed dogs and cats.

The vendor is authorized to charge a fee for certain services, some of which are charged to the municipality. The annual cost for the animal control contract is approximately \$29,000.

Health department staff coordinate and assist with the services. Department staff is responsible for investigating animal bites and ensuring that the vendor carries out the provisions of the contract.

In response to the dramatic increase in the township's population over the last decade, township officials had discussed whether to provide animal control services "in-house." For the 2000 budget year, the township committee decided to maintain the current arrangement with its vendor.

LGBR believes that the current arrangement is a cost-effective manner to providing animal control services. Switching the services "in-house" would significantly increase costs. The township would have to pay for the salary and fringe benefits for a full-time animal control officer. Overtime funds and/or part-time animal control officer(s) may also be needed for coverage outside of normal business hours. The township would also need to pay the costs to construct an animal shelter in town.

#### **Recommendation:**

**If additional or better animal control services are needed, it is recommended the township enhance the services provided under the current contract. While there would be an increase in cost for the additional services, there would be savings of benefits and facility costs by not switching these services in-house.**

According to N.J.S.A. 4:19-15.15, the chief of police or other employee designated by the governing body shall cause a dog canvass to be conducted every two years. In 1999, the township clerk's office coordinated the biennial canvass. Previously, the health department coordinated the canvass.

The receptionist in the township administrator's office does the dog licensing function. License renewals are due January 1<sup>st</sup>. The cost for the annual dog license is \$8.20 with an additional \$3.00 fee for unneutered dogs. In 1998, the township collected approximately \$29,000 in fees to license 2,887 dogs.

Many municipalities also require cats to be licensed. The township should consider licensing cats. The American Veterinary Medical Association (AVMA) recommends licensing of dogs, cats and ferrets as part of a rabies control program.

According to the AVMA, to estimate the number of cats in a community, multiply the number of households by .0598. Using this formula, with approximately 10,000 housing units, the township should have approximately 5,980 cats. Assuming the township could license half of these cats at \$8.20 per license, the township could generate an additional \$24,518 in revenue.



While there would be additional work created by this licensing, it is believed that the employee who currently does the dog licenses could handle this function. In order to stagger the licensing workload, cat licenses could be due July 1<sup>st</sup>.

**Recommendation:**

**It is recommended the township consider the licensing of cats, which would create an additional \$24,518 in revenue.**

**Revenue Enhancement: \$24,518**

**Office of Social Services**

The office of social services was previously known as the welfare office and was a part of the health and welfare department. In March of 1998, the welfare department was transferred to the county as part of the Work First New Jersey regulations which allowed each municipality to continue to administer and fund administration of the general assistance/welfare program or to transfer administration of the program and the cost of administration to the county welfare agency.

*Organization*

The township's current social services program is under the direction of the health department. A local assistance board, which consists of three members, meets as needed to aid in making decisions on providing for the needy throughout the year.

*Staffing*

A full-time social service director and a full-time secretary run the department. The current director of social service was appointed in June, 1999. In addition, there are three part-time bus driver positions and two part-time instructors for the senior wellness program.

*Financial*

In 1998, the total salary and direct benefits cost for this office was \$67,374. Other expenses are embedded in the health department budget and are difficult to determine.

*Functions*

The current mission of the restructured office is to enhance the quality of life for township residents through programs for the seniors, the disabled, and those in financial need. The office serves as a liaison between agencies offering support and financial assistance and those in need. The department assists other township departments by serving as coordinator of the Employee Assistance Program and scheduling the use of the multipurpose and health conference rooms.

Also, the social services office currently operates two programs for the indigent in the township, a year-round food pantry and the holiday program. The food pantry provides food year-round to clients in the township. The holiday food program provides food baskets and turkeys at Thanksgiving and Christmas. The program sends food, using school nurses, to the families of

children that qualify for the federal free school lunch program. Individuals and organization in town adopt families. The families generate a wish list and receive both food and gifts at Christmas time.

The director is also responsible for the following programs: a senior wellness program, senior transportation system, the “Mr. Fix It” program, a referral service to direct needy families and persons to appropriate agencies, and housing rehabilitation program/funds.

### **Senior Transportation**

The township provides transportation for senior citizens to dance and exercise programs at town hall, doctors’ appointments, physical therapy, and grocery shopping and banking. Appointments must be made 24 hours in advance.

Annually, approximately 100 regular riders use the transportation program totaling approximately 3,000 individual round trips.

The township utilizes one bus, which is 10 years old for this program, and uses two part-time drivers. In 1998, the total salary and direct benefits cost for this function was \$22,414. According to DPW records, it is estimated the cost to maintain the bus is approximately \$3,200. The township’s bus needs to be replaced. The approximate cost for a new bus is \$60,000.

Based upon the above statistics, the average cost per trip was approximately \$8.54. This figure is an operational cost and does not include the capital costs for equipment.

While the operational costs for the transportation program are fairly low, it is suggested the township consider covering 50% of the transportation costs through user fees and other revenue similar to recreation programs. Like the recreation programs, the transportation services are a popular, non-mandated program used by only a portion of the community. Covering half the costs would help offset the large capital expense for a new bus.

The township could use some, all, or a combination of the alternatives below to reach the 50% cost threshold.

#### *Alternative 1: Evaluate All Services*

Many of the transportation routes involve medical needs and the fixed routes to the supermarket provide many seniors with their only way to obtain basic food and supplies. There are other transportation trips which provide taxi-like service to appointments such as the bank. The county also offers similar transportation services to Hillsborough residents. The township should evaluate all transportation routes and services and should evaluate the county transportation services as there may be a duplication of some services.

#### *Alternative 2: Evaluate Joint Transportation Services*

After identifying all necessary transportation routes and their cost, the township should consider a joint transportation venture with the board of education and/or the county.

The school's transportation is currently contracted with two private vendors. Since the township's transportation program is relatively small, the township should consider including its transportation program as part of the next school transportation bid. If the bid prices are favorable, the township should outsource the transportation operations.

#### *Alternative 3: Grant Funding*

There are a number of transportation grants which fund municipal transportation programs. The township should investigate all available grant programs.

#### *Alternative 4: Contributions/Advertisement*

Other municipalities ask riders to contribute a nominal fee for each trip. The township should consider a suggested contribution of \$1 per ride. According to township documents, there are approximately 3,000 round trips each year. Based upon this information, this would raise \$3,000 in funds to offset transportation costs.

While many of the riders are senior citizens on a fixed income, \$1 for each ride is still a very reasonable contribution for the service. The township could also sell weekly and monthly tickets at reduced rates.

Other municipalities have implemented advertising programs, which sell advertising space on their buses. The township could raise an additional \$3,000 to \$4,000 each year through advertising.

#### **Recommendation:**

**It is recommended the township evaluate its transportation operations and explore all recommended alternatives in an effort to cover 50% of its transportation program costs. It is suggested fleet maintenance costs for the buses be included in the cost assessments. If fees and other revenues covered half of the transportation costs, there would be a revenue enhancement of approximately \$12,807.**

**Revenue Enhancement: \$12,807**

#### **Mr. Fix It Program**

In mid-1999, the township implemented the Mr. Fix It Program to assist the senior citizen population within the township. It is a safety program which allows "Mr. Fix It" to perform minor home repairs that do not require permits and to conduct home safety evaluations for eligible seniors.

Residents unable to do work themselves, who are at least 60 years old and financially unable to hire a private contractor, are eligible for the program. Eligible projects are those which are generally too small for a contractor, such as repair of broken windows, simple plumbing repairs, smoke detector installation, and weather stripping. The cost of the materials for the project cannot exceed \$100. The resident is responsible for only the materials cost, while labor costs are free to the resident and paid by the township. A local transit company donated a van for the program.

In approximately six months of operation, 54 residents for 93 projects used the Mr. Fix It program. In 1999, the township spent approximately \$6,000 on labor costs, tools/equipment, and painting/lettering of the van. The proposed budget for 2000 is approximately \$19,500 as a significant increase in the program is expected.

**The township is commended for this innovative public/private partnership to assist its senior citizens.**

### **Crisis Intervention Team**

The township has a group of trained crisis intervention volunteers who are on call to provide crisis intervention services, primarily for domestic violence. The Crisis Intervention Team (CIT) is a community outreach program, which works with the resource center, which is the lead-counseling agency for the county.

This program allows the CIT to assist the victims in their own homes at the time of the event. By having the CIT handle victim counseling, police officers are allowed to concentrate on the police side of domestic violence, rather than the psychological side. In fact, some victims are more comfortable dealing with the volunteers.

This type of program provides not only a productivity enhancement to police officers, but also provides a compassionate customer services approach to the residents who are the victims of these crimes.

**The township is commended for implementing this valuable program within the community.**

### **Food Pantry**

The township maintains a food pantry for needy families. All items are donated by church, school organizations, civic groups and individuals. Individuals requiring assistance fill out an application and meet with office staff to assess their situation and are referred to appropriate organizations such as the county for additional services.

### **Caseload**

There were approximately 66 pantry clients in 1998 that made 320 visits during the year. Statistics on the holiday program are not maintained.

The director estimates that approximately 20% of her time and, 15% of the secretary time are spent as liaison to the needy in the community. The proportionate salary and benefit cost associated with providing this service are approximately \$11,822.

It is reported the township averaged one or two welfare cases each year prior to the transfer. At the time of our review, there were four projects in process for the federally funded housing rehabilitation program.

## **Financial**

According to the township's 1998 financial statements, the department has two Public Assistance Trust Fund (PATF) accounts. Additionally noted were the two social services special accounts. Balances were as follows at year's end 1998 and 1997:

	<b>1998</b>	<b>1997</b>
<b>Accounts</b>	<b>Balance</b>	<b>Balance</b>
Public Assistance Trust Fund I	\$30,982	\$29,838
Public Assistance Trust Fund II	\$21,005	\$108,290
United National Special Acct.	\$7,084	\$6,263
Fleet Bank Special Acct.	\$3,178	\$3,122
<b>Total</b>	<b>\$62,248</b>	<b>\$147,512</b>

In October of 1999, the department closed out the PATF II account and returned \$90,000 to the state. The funds in the PATF I account, \$20,452.79, were transferred to a township miscellaneous trust account. The remaining funds of approximately \$10,000 are housed in two separate checking accounts, which are designated for contributions to the social service department.

## **Recommendation:**

**In an effort to improve efficiency, the LGBR team recommends the use of only one account for the purpose of housing contributions made to the department.**

## **LIBRARY**

The Hillsborough Library is part of the Somerset County Library system and had previously been an association library. In 1975, the township and the county entered into an agreement for the township library to become a county branch, which was intended to serve residents of Hillsborough, the Borough of Millstone and half of Montgomery Township. As a member of the county system, residents of the township can use any of the seven branches in the county system: Warren, Watchung, North Plainfield, Peapack/Gladstone, Rocky Hill and Bridgewater.

Under the terms of the agreement, the county is responsible for operating the library and supplying library staff and materials such as books and periodicals, and the township supplies the facility and furnishings. The township also supplies accident and facility liability insurance.

The agreement has not been updated since the library moved to its present location in the municipal complex and references the old library, which was located on Route 206 and leased from a private individual.

## **Recommendation:**

**It is recommended the township amend the agreement to reflect the current location of the library.**

## **Collection/Circulation**

County residents enjoy an extensive collection of books including a best seller section, large print books, books on tape, videos, music compact disks (CD), CD-ROMS, paperbacks, and popular magazines.

Approximately 52% of Hillsborough residents are registered patrons. Approximately 90% of the library's patrons are Hillsborough residents, while Montgomery, Branchburg and Bridgewater accounted for 5%, 3% and 2% of the patrons, respectively.

In 1998, the total circulation was 295,375. The circulation per capita, based upon the 1998 population estimate of 33,978, was approximately 8.7. The state average is approximately 6. The library owns approximately 100,000 volumes. In 1998, the circulation per volume was approximately 2.95, while the state average is 1.6 per volume.

**The county library is commended for its extensive collection and a high circulation rate.**

## **Financial**

In 1998, the township paid approximately \$1.2 million in support of the library. Dedicated taxes paid to the county were \$920,399. The dedicated taxes are returned to the library in the form of materials, services and personnel. The estimated cost for maintenance, utilities and overhead was estimated at \$94,992, and the library's portion of the annual debt service of the municipal complex is approximately \$210,934. These estimates are based upon the square footage of the library as a percentage of the entire complex.

In 1998, the library also received \$3,157 in state aid. The county commission turns over fines to the branch/township to use for additional furnishings.

If Hillsborough had a municipal public library, it would be required to fund the library a sum of one-third of a mill on every dollar of assessable property based on the equalized valuation, according to N.J.S.A. 40:54-8. Since Hillsborough has a county library, the funding requirements are different; however LGBR has chosen to use the one-third of a mill level just for comparison purposes. While the one-third of a mill level is the minimum amount of funding the governing body must appropriate to the municipal public library, funding a library at this level may not meet the library needs of the community. Most municipalities fund more than the one-third of a mill level.

Below is a chart comparing the spending levels of municipalities comparable to Hillsborough, based upon population and equalized valuation.

	Population	Square	Equalized	1/3 Mill	Actual	% Above
	Served	Miles	Valuation (x 1,000)	Funding	Funding	1/3 Mill
Hillsborough	33,978	55	2,437,480	\$812,493	\$920,399	11.7%
Monroe	26,562	42	2,339,421	\$779,806	\$1,004,814	22.4%
South Brunswick	33,392	41	3,124,685	\$1,041,561	\$1,541,767	32.4%
West Orange	39,340	12	2,972,974	\$990,990	\$1,526,303	35.1%
Linden	37,204	11	2,846,894	\$948,964	\$1,508,956	37.1%
Princeton (Boro & Twp)	26,049	18	3,126,789	\$1,042,262	\$1,761,531	40.8%

It appears that the Hillsborough Library is providing library services at a very efficient level presumably due to the economies of scale of a county library system. Also, the level of services is often better in a county system.

### **Friends of the Library**

As in many municipalities, there is a Friends of the Library organization, which provides assistance to local libraries. This organization has contributed computers and other machinery to the library.

### **Facilities**

The library is located in the Hillsborough Municipal Complex, which was built in 1991, and provides approximately 18,000 square feet of space to the county branch.

General maintenance is performed at night by a cleaning service that has an outside contract with the township. Public works comes in regularly, and in an emergency, to provide facility maintenance.

According to library officials, there is a need for additional space for the library. This need for more library space is expected to continue to grow. A recent study of the facility by the county library system recommended an additional 6,000 square feet.

In 1999, the state approved and funded a library construction incentive program, which will provide funds to local libraries for new buildings and additions or renovations to existing buildings. The library director is aware of this grant program and is urged to pursue funding for any renovations through this grant source.

### **Recommendation:**

**It is recommended the township and the county library system review options to address facility and space needs. The library is urged to pursue available grant funding. The county and the township should also consider establishing a capital fund drive and seeking donations and grants to help the library address any capital improvement needs. The township is also urged to approach municipalities such as Branchburg and Montgomery to share in a portion of construction costs because they are members of the county system and their residents use Hillsborough's library and do not have their branch within the county system.**

### III. COLLECTIVE BARGAINING ISSUES

An area that frequently presents significant opportunities for savings is negotiated contracts. While they represent opportunities for savings, the savings and contract improvements are most likely to occur incrementally, through a well-conceived process of redeveloping compensation packages to be equitable and comprehensive. For this reason we present those issues subject to collective bargaining agreements separately in this section.

LGBR realizes that recommendations regarding provisions of collective bargaining agreements are subject to negotiations between the municipality and the bargaining units and are not easy to modify or eliminate. Thus, any savings identified are potential savings.

This section attempts to identify various contractual provisions and their associated costs. At the very least, management should consider bringing these recommendations to the bargaining table. Just as the provisions in the existing contracts did not occur at once, LGBR realizes that the modification or elimination of certain provisions will not occur at once either. It is recommended the township commit to removing some of the costly provisions from the contracts to restore effective controls over personnel costs.

The Township of Hillsborough currently has four collective bargaining units: a Police Benevolent Association (PBA), two American Federations of State, County and Municipal Employees (AFSCME) unions, and a Teamsters union. The police dispatchers, who are affiliated with the Teamsters, organized in late 1999 and did not have a contract at the time of our review.

The township's collective bargaining agreements are outlined below:

Union	Employees Group	No. of Members	Length of Contract
PBA Local 205	Patrolmen, Corporals & Sergeants	46	1/1/96-12/31/99
AFSCME Local 2953 (AFSCME–Blue)	DPW employees	35	1/1/98-12/31/01
AFSCME Local 3697 (AFSCME–White)	Clerical & Professional Staff	32	1/1/99-12/31/01

Each contract was reviewed in detail with a variety of findings and recommendations that cross individual contract lines. Several contract provisions appear to be generous when compared to other public sector contracts.

#### **Terminal Leave**

Members of AFSCME Blue, upon retirement or other separation, are entitled to receive one day's pay for every three sick days accumulated. Maximum amount of compensation is \$5,000.



Members of AFSCME White, upon retirement or other separation (after 10 years' service) are entitled to receive one day's pay for every three sick days accumulated. Maximum amount of compensation is \$5,000.

Members of PBA Local 205 are entitled to receive one day's pay for every three sick days accumulated. There is no maximum amount of compensation for PBA members.

### **Recommendation:**

**While the township is commended for capping terminal leave for the two AFSCME unions, it is recommended that the township negotiate a \$5,000 limit for the PBA and Teamsters unions.**

### **Vacation**

While the vacation leave varies somewhat between the different bargaining units, the allotments are appropriate, based upon past LGBR reviews.

### **Longevity**

The township has restructured the longevity benefit for new hires in each union. Members of AFSCME White and Blue are entitled to the following:

<b>Years Completed</b>	<b>Hired Prior to 5/23/95</b>	<b>Hired After 5/23/95</b>
5	2% of base salary	1% of base salary
10	4% of base salary	2% of base salary
15	6% of base salary	3% of base salary
20	8% of base salary	4% of base salary

PBA members are entitled to the following:

<b>Years Completed</b>	<b>Prior to 10/24/91</b>	<b>After 10/24/91</b>
5	2% of base salary	\$250
10	4% of base salary	\$500
15	6% of base salary	\$750
20	8% of base salary	\$1,000

**The township is commended for restructuring the longevity policy for recent hires. We further commend the township for negotiating flat amounts for recent PBA members. We recommend the township negotiate similar flat rates for members of the other unions.**

### **Holidays**

Dispatchers and PBA members receive payment for holidays, at straight time. This payment is added to base pay and causes an increase in township's pension costs. In 1998, the holiday pay was \$151,023 and the additional pension costs were \$20,775.

**Recommendation:**

**It is recommend the township negotiate to remove holiday pay from being rolled into base pay. Approximately \$20,775 in reduced pension costs could be saved.**

**Potential Cost Savings: \$20,775**

**Clothing Allowance**

PBA members receive initial uniforms and equipment plus an annual maintenance/cleaning allowance of \$889 and a shoe allowance of \$154. Investigative personnel receive an additional \$574. According to the PBA contract, the township also agrees to replace all uniforms that are worn out or damaged beyond repair. In 1999, the actual cost for uniform replacement averaged \$151 per uniformed officer. Members present receipts for reimbursement. The total average cost per uniformed officer was \$1,194.

The township could implement a “quartermaster” or replacement system similar to that used by the New Jersey State Police. The quartermaster system provides for the issuance of replacement clothing only as needed. For example, a replacement shirt is provided upon the surrender of a worn or torn shirt. That is, an old piece of uniform must be turned in to receive a new piece of uniform. Hillsborough could also solicit bids or quotes from local cleaners to clean all police uniforms.

A municipality recently reviewed by LGBR has a quartermaster system and contracts for the cleaning of uniforms. The average uniform/cleaning cost per uniformed officer is approximately \$411. The State Police’s costs are \$350 per officer. Based upon the 49 uniformed Hillsborough officers, the township would spend approximately \$20,139 under a modified uniform plan in contrast to the current arrangement which costs \$58,506.

**Recommendation:**

**It is recommended the township negotiate a modification to a quartermaster or replacement system for police uniforms and contract the cleaning of uniforms.**

**Potential Cost Savings: \$38,367**

The officers assigned to the investigative division are granted a clothing allowance of \$574 in addition to the \$889 cleaning allowance. The total cost per non-uniformed officer was \$1,463.

**Recommendation:**

**It is also recommended that the nine non-uniformed detectives keep the clothing allowance of \$574 and participate in the cleaning program. It is estimated the township would save approximately \$3,507 under this modification.**

**Potential Cost Savings: \$3,507**

Members of AFSCME Blue receive seven sets of uniforms plus \$350 cleaning allowance and \$275 shoe allowance. Members present receipts for reimbursement. In 1998, the cost for the cleaning allowance was \$8,719, or \$264 per person.

In Princeton Borough, price quotes are solicited from local dry cleaning vendors. In 1998, its dry cleaning costs were approximately \$70 per person annually. If Hillsborough implemented a similar program at approximately \$70 per year for DPW employees, the cost for 35 officers would be approximately \$2,450 and the township would save approximately \$6,269, based upon 1998 actual costs.

**Recommendation:**

**It is recommended the township negotiate to implement a new uniform cleaning program, which solicits quotes from local vendors, in place of the cleaning allowance.**

**Potential Cost Savings: \$6,269**

#### **IV. SHARED SERVICES**

Tremendous potential for cost savings and operational efficiencies exist through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery in an effort to highlight shared services already in place and opportunities for their implementation.

The township is commended for its initiative to promote shared services within the county and schools and is urged to continue with this forum and to continue to pursue other shared service ventures.

Hillsborough is a community with some excellent examples of shared services. As noted in the preceding sections, regionalization and shared services have been aggressively pursued and include:

- Sharing the use of its computer network with two other police departments for mobile data terminals in police cars.
- Providing local health services to the Borough of Millstone.
- Administering municipal alliance grant with Borough of Millstone.
- Cooperative fuel purchasing for the fire district.
- Fire district contracts with Neshanic Fire Company (located in Branchburg) for coverage of western part of township
- Fire District provides mutual aid assistance to other border communities.
- Sharing of resources and equipment with other municipalities.
- Joint insurance funds.
- Various county services:
  - Somerset County Cooperative Pricing System.
  - Recycling collection.
  - Public assistance program.
  - County library.
  - Crisis Intervention Team.
- Various schools service:
  - Providing office space to board of education in the municipal complex.
  - Utilization of school's custodial staff, when needed.
  - The school provides email accounts to the township.
  - Sharing of recreational facilities.

**The township is commended for its many shared service initiatives.**

**Recommendation:**

**It is suggested that the township form a committee to monitor existing shared services and to further develop shared services with the school districts, the county, and other municipalities. Having the board of education located in the municipal complexes greatly enhances the opportunities for shared services. Opportunities for additional shared services and joint savings include:**

- 1) police and dispatching services;**
- 2) health services;**
- 3) natural gas and electricity purchasing;**
- 4) building maintenance;**
- 5) lawn and field maintenance;**
- 6) payroll processing;**
- 7) building maintenance; and**
- 8) computer technology, training and maintenance (See Technology Section).**

Shared services and cooperative agreements should be items for discussion in periodic meetings with municipal and school officials.

## V. STATUTORY REFORMS

The fifth and final section of the report, Statutory and Regulatory Reform, attempts to identify those areas where existing state regulations or statutory mandates are brought to the attention of the LGBR review team by local officials which appear to have an adverse effect on efficient and cost-effective local operations. It is common for local officials to attribute high costs and increased taxes to “state mandates.” Each review team is then charged with reporting those areas in this section of the report. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

### **Installation Standards for Dynamometers**

UCC officials have suggested that State of New Jersey’s installation standards for the dynamometers are unsafe. Dynamometers are being installed at private motor vehicle inspection facilities for compliance with the enhanced emissions standards. The dynamometer is process equipment, which requires a permit under the Uniform Construction Code and must be in compliance with the electrical subcode.

An August, 1999 correspondence from the Division of Community Affairs modified the installation regulations and set forth that a dynamometer must meet **one** of the following conditions in accordance with the requirements of the electrical subcode:

- 1) The equipment and wiring complies with the applicable provisions of Article 501 of the National Electrical Code (NEC).
- 2) Ventilation of the pit is provided in accordance with table 514-2 of the NEC, which provides that, for lubrication or service rooms without dispensing, “any pit ...that is provided with exhaust ventilation at a rate of not less than 1 cfm per sq. ft. of floor area at all times that the building is occupied or when vehicles are parked in or over this area and where exhaust is taken from a point within 12 in. of the floor pit” is non-classified; (Note that the installation of a ventilation system for the pit requires engineered drawings that are signed and sealed).
- 3) The area where the dynamometer is installed is separated from other service repair areas of the garage.
- 4) The equipment is installed at least 18 in. above the floor.

In response to this directive the township has issued a statement that permits for this installation are being issued under protest since violations of the electrical sub code in NFPA 70 the National Electrical Code Sections 110-3, 110-3(a), 110-3(b), and 511-3(b) exist.

While the installation of all dynamometers based upon the above criteria addresses some safety issues, it does not adhere to all of the safety precautions recommended by the manufacturer for the safe operation of this equipment. Township officials feel that this equipment should be installed to the manufacturer’s standards for optimum safety.

## **LOCAL GOVERNMENT BUDGET REVIEW**

Roland M. Machold, State Treasurer  
Peter R. Lawrance, Deputy State Treasurer  
Robert J. Mahon, Director, Local Government Budget Review  
JoAnne M. Palmer, Deputy Director, Local Government Budget Review

Ulrich H. Steinberg, Jr., Director, DCA, Division of Local Government Services

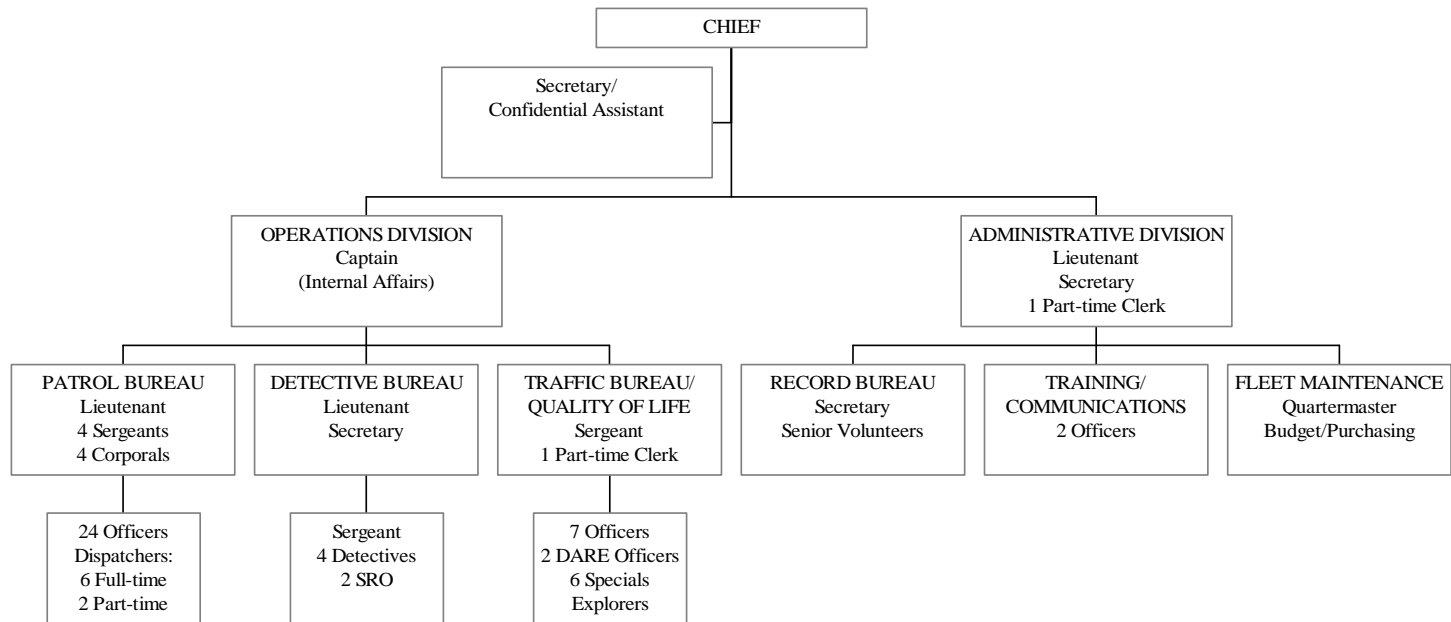
### Township of Hillsborough Review Team

Bill Eagen, Team Leader  
Local Government Budget Review

Rosalee Chin-Young, Local Government Budget Review  
George DeOld, Local Government Budget Review  
Robert Harding, Local Government Budget Review  
Larry McCormick, Local Government Budget Review  
Edward Montague, Local Government Budget Review  
Dudleyna Panton, Local Government Budget Review  
Steve Sagnip, Local Government Budget Review  
Lucy Signura, Division of Taxation  
Rich Thompson, Local Government Budget Review

# PROPOSED HILLSBOROUGH POLICE DEPARTMENT

## Appendix A





## HILLSBOROUGH POLICE DEPARTMENT

### Officer Availability

Patrol Schedule		Days	Hours
Base Year	12-hour shift	365	4,308
Scheduled Days Off		182.5	2,190
Scheduled Work Days		182.5	2,080
Vacation	8-hour day	9.78	78.24
Sick	12-hour day	5	60
Personal	8-hour day	3	24
Compensatory		0	0
Training		8	95
Holiday		0	0
<b>Average Availability</b>		<b>151.9</b>	<b>1,823</b>

### Calls for Service 1999

Total Calls	27,361	
Response at Scene Time/Call	43.00	0.72 Estimate based on statewide average.

### Beat Analysis

#### Calculation #1

1. Total patrol activities multiplied by Average Consumed Time.
2. Total patrol consumed time multiplied by a factor of 2.5.
3. Total patrol time divided by Average Officer Availability.

CFS	27,361	Total time	19,608.72	Patrol Time	49,021.79
Time/Call	0.72	Factor	2.5	Availability	1,823
Total Time	19,608.72	Patrol Time	49,021.79	<b>Officers</b>	<b>26.9</b>

#### Calculation #2

The number of beats/officers per day, times the number of hours per beat/shift, times 365.  
This is then divided by officer availability.

Beat/Day	12	Hours/Day	144	Hours/Year	52,560
Hour/Shift	12	Days	365	Availability	1,823
Hours/Day	144	Hours/Year	52,560	<b>Officers</b>	<b>28.83</b>

# HILLSBOROUGH POLICE DEPARTMENT

## Staffing

	Actual	Proposed
Chief	1	1
Captain	1	1
Lieutenant	4	3
Sergeant	6	6
Corporal	6	4
Officers	38	41
<b>Total Sworn</b>	<b>56</b>	<b>56</b>
F/T Dispatchers	6	6
P/T Dispatchers	0	2
F/T Secretary	4	4
P/T Clerks	0	2
Crossing Guards	1	1
<b>Total Employees</b>	<b>67</b>	<b>71</b>
Supervisor to subordinate ratio (sworn)	2.11	2.73
Supervisor to subordinate ration (all)	3.72	4.73

**Appendix D**  
**Public Works Cost Estimates By Function**

<b>WORK CATEGORY</b>	<b>DAYS</b>	<b>SALARY &amp; BENEFITS</b>	<b>OE</b>	
<b>DAYS OFF:</b>				
Vacation	449	\$91,596		
Sick	245	\$49,980		
Personal	78	\$15,912		
Disciplinary	18	\$3,672		
AWOL	2	\$0		
Other (JD, OJI, DIF, BV etc.)	74	\$15,096		
<b>Subtotal</b>	<b>866</b>	<b>\$176,256</b>		
<b>Total Expense</b>				<b>\$176,256</b>
<b>ROAD WORK:</b>				
Construction	399	\$57,057		
Fix/Patch	348	\$49,764		
Clean Ditches/Pipes	510	\$72,930		
Direct Supervision	171	\$41,040		
<b>Subtotal</b>	<b>1,428</b>	<b>\$220,791</b>	<b>\$78,911</b>	
<b>Total Expense</b>				<b>\$299,702</b>
<b>BUILDING &amp; GROUNDS:</b>				
Construction/Maintenance	218	\$31,174		
Grounds/Landscape/Clean	139	\$19,877		
Direct Supervision	47	\$11,280		
<b>Subtotal</b>	<b>404</b>	<b>\$62,331</b>	<b>\$150,971</b>	
<b>Total Expense</b>				<b>\$213,302</b>
<b>STREET SWEEPING:</b>				
Street Sweeping	63	\$12,537		
Direct Supervision	8	\$1,920		
<b>Subtotal</b>	<b>71</b>	<b>\$14,457</b>	<b>\$3,923</b>	
<b>Total Expense</b>				<b>\$18,380</b>
<b>VEGETATIVE WASTE:</b>				
Brush/Leaf Collection	549	\$78,507		
Tree Work	367	\$52,481		
Grass & Lawn Maintenance	825	\$117,975		
Direct Supervision	228	\$54,720		
<b>Subtotal</b>	<b>1,969</b>	<b>\$303,683</b>	<b>\$83,608</b>	
<b>Total Expense</b>				<b>\$387,291</b>
<b>PARKS:</b>				
Parks	116	\$16,588		
Sports Facilities/Fields	367	\$52,481		
Direct Supervision	60	\$14,400		
<b>Subtotal</b>	<b>543</b>	<b>\$83,469</b>	<b>\$30,006</b>	
<b>Total Expense</b>				<b>\$113,475</b>
<b>SIGNS &amp; LINES</b>				
Signs & Lines	197	\$28,171		
Direct Supervision	26	\$6,240		
<b>Subtotal</b>	<b>223</b>	<b>\$34,411</b>	<b>\$12,323</b>	
<b>Total Expense</b>				<b>\$46,734</b>
<b>WINTER STORM PREPARATION:</b>				
Snow Fence & Equip. Prep	197	\$28,171		
Direct Supervision	26	\$6,240		
<b>Subtotal</b>	<b>223</b>	<b>\$34,411</b>	<b>\$12,323</b>	
<b>Total Expense</b>				<b>\$46,734</b>

**Appendix D**  
**Public Works Cost Estimates By Function**

<b>SENIOR PICKUP:</b>				
Senior Pickup	210	\$30,030		
Direct Supervision	28	\$6,720		
Subtotal	238	\$36,750	\$13,152	
Total Expense				\$49,902
<b>WORK AT PW FACILITY</b>				
Equip., Tools, Facility, Yard Support	290	\$41,470		
Direct Supervision	38	\$9,120		
Subtotal	328	\$50,590	\$18,125	
Total Expense				\$68,715
<b>Multi-Purpose Room (MPR)</b>				
MPR	126	\$18,018		
Direct Supervision	17	\$4,080		
Subtotal	143	\$22,098	\$7,902	
Total Expense				\$30,000
<b>LANDFILL / RECYCLING:</b>				
Landfill/Recycling	87	\$12,441		
Direct Supervision	11	\$2,640		
Subtotal	98	\$15,081	\$5,471	
Total Expense				\$20,552
<b>SPECIAL EVENTS:</b>				
Special Events	28	\$4,004		
Direct Supervision	4	\$960		
Subtotal	32	\$4,964	\$1,768	
Total Expense				\$6,732
<b>SUPPORT FOR SCHOOLS, LIBRARIES:</b>				
Schools	2	\$286		
Library	5	\$715		
Direct Supervision	1	\$240		
Subtotal	8	\$1,241	\$442	
Total Expense				\$1,683
<b>TRAINING</b>				
Training	28	\$4,004		
Direct Supervision	4	\$960		
Subtotal	32	\$4,964	\$1,768	
Total Expense				\$6,732
<b>POLICE VEHICLES &amp; MOBILE COMM. CTR. REPAIR AND PAINTING:</b>				
Police Bus & Cars	105	\$15,015		
Direct Supervision	14	\$3,360		
Subtotal	119	\$18,375	\$6,576	
Total Expense				\$24,951
<b>VEHICLE MAINTENANCE:</b>				
Maintenance	780	\$163,104		
Subtotal	780	\$163,104	\$128,407	
Total Expense				\$291,511
GRAND TOTAL				\$1,802,652